

# **CITY AUDITOR'S OFFICE**



## **ANNUAL AUDIT RECOMMENDATION FOLLOW-UP AS OF JUNE 30, 2005**

**Report No. CAO 2600-0506-01**

**September 29, 2005**

**RADFORD K. SNELDING, CPA, CIA, CFE  
CITY AUDITOR**

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# ANNUAL AUDIT RECOMMENDATION FOLLOW-UP REPORT CAO 2600-0506-01

## BACKGROUND

The City Auditor's Office has provided 871 audit recommendations requiring corrective action to City Departments since January 1, 1999. This report summarizes the status of these audit recommendations as of June 30, 2005.

## OBJECTIVES

The objective of our follow-up program is to ensure that audit recommendations are being appropriately addressed by City management and to track the status of the recommendations. Much of the benefit from audit work is not in the findings reported or the recommendations made, but in their effective resolution. City management is responsible for addressing audit recommendations. This follow-up is a process to help management fulfill this responsibility.

## SCOPE AND METHODOLOGY

Our follow-up program is in accordance with Operating Instruction A. 050 of the City Auditor's Office Operating Instruction Manual. The status of each audit recommendation is identified using the following classifications:



The recommendation has been implemented or some other action has been taken to effectively correct the deficiency.



The recommendation has not been implemented.



The recommendation has not been implemented due to circumstances beyond the department's control.



Due date identified by management has not passed.

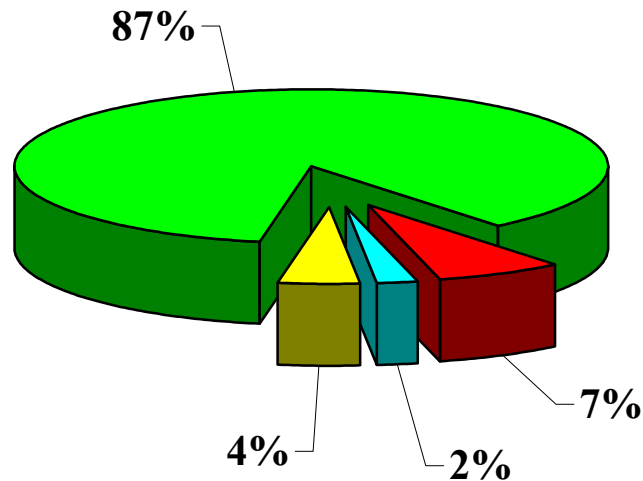
For each audit recommendation, City management provides an estimated completion date. An audit recommendation is classified as being **Not Due** until this date has passed and then the audit recommendation becomes **Incomplete** or **Extended**. An audit recommendation remains in one of these classifications until City management completes the recommendation and notifies our Office. Subsequently, audit staff obtain and evaluate evidence supporting management's representation. If the evidence demonstrates that the recommendation has been adequately addressed, the auditor identifies the recommendation as being **Complete**.

## CONCLUSION

The accompanying charts/tables (pages 2 to 11) summarize the status of the audit recommendations in total and by department. Following the charts, each audit recommendation classified as **Incomplete**, **Extended**, or **Not Due** is listed by department with Management's Plan of Action. **Management Comments** and **Auditor Comments** are noted with some recommendations.

While city management has made progress toward the implementation of the audit recommendations contained in the various reports, additional efforts should be made in finalizing incomplete recommendations.

## 871 Recommendations January 1999-June 2005

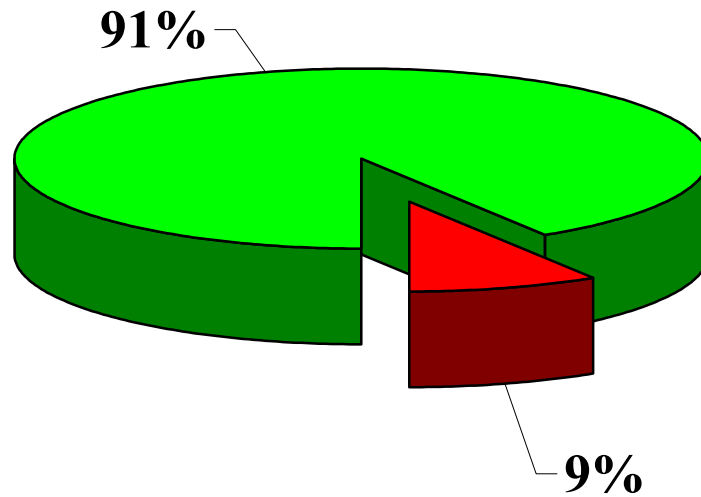


Fiscal Year	Complete	Incomplete	Extended	Not Due	Total
1999-2000	382	6	11	0	399
2000-2001	105	6	2	0	113
2001-2002	147	5	6	0	158
2002-2003	60	28	0	0	88
2003-2004	33	6	0	0	39
2004-2005	25	11	0	38	74
<b>Total</b>	<b>752</b>	<b>62</b>	<b>19</b>	<b>38</b>	<b>871</b>

## Complete Recommendations Summary

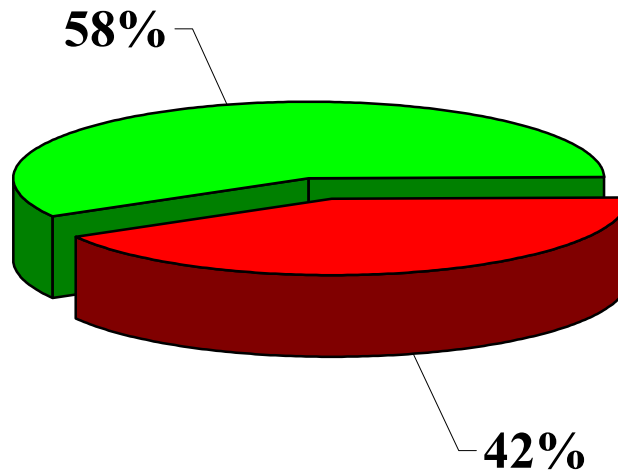
<b>Department</b>	<b>Fiscal Year</b>						
	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	TOTAL
<b>AFI</b>	--	--	11	--	--	--	11
<b>Building &amp; Safety</b>	54	1	--	--	--	--	55
<b>City Attorney</b>	--	--	--	--	1	--	1
<b>City Manager</b>	13	8	1	4	5	--	31
<b>Detention &amp; Enf.</b>	2	6	6	--	--	--	14
<b>Field Operations</b>	3	--	19	10	--	--	32
<b>Finance &amp; Business Services</b>	39	26	41	14	--	--	120
<b>Fire &amp; Rescue</b>	30	--	--	--	--	--	30
<b>Human Resources</b>	41	30	--	26	1	--	98
<b>Information Technologies</b>	81	--	34	--	--	4	119
<b>Leisure Services</b>	87	2	24	6	--	21	140
<b>Municipal Court</b>	24	9	--	--	--	--	33
<b>Neighborhood Services</b>	--	--	--	--	4	--	4
<b>Office of Business Development</b>	--	--	--	--	19	--	19
<b>Planning &amp; Development</b>	8	--	--	--	3	--	11
<b>Public Works</b>	--	23	11	--	--	--	34
<b>TOTAL</b>	<b>382</b>	<b>105</b>	<b>147</b>	<b>60</b>	<b>33</b>	<b>25</b>	<b>752</b>

## City Manager



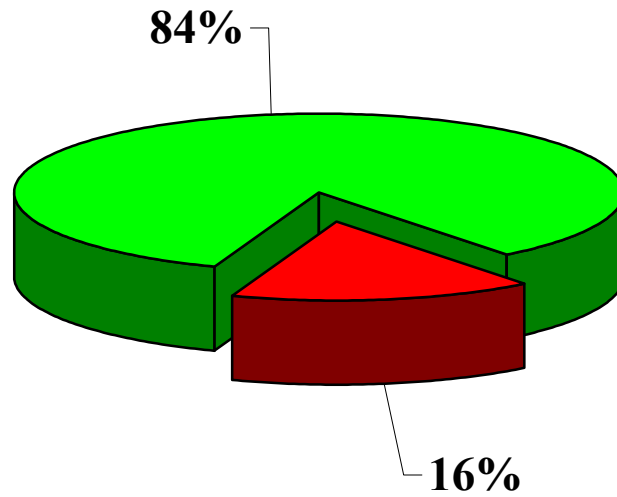
Fiscal Year	Report #	Complete		Total
	1999-01	3	0	3
1999-2000	1999-02	4	0	4
1999-2000	1999-09	4	1	5
1999-2000	1999-10	2	0	2
2000-2001	2400-0001-01	2	0	2
2000-2001	1401-0001-02	3	0	3
2000-2001	1502-0001-05	2	0	2
2000-2001	501-0001-06	1	0	1
2001-2002	601-0102-04	1	0	1
2002-2003	1701-0203-03	2	1	3
2002-2003	602-0203-04	1	0	1
2002-2003	502-0203-05	1	0	1
2003-2004	2300-0304-01	4	1	5
2003-2004	201-0304-04	1	0	1
Total		31	3	34

## Field Operations



Fiscal Year	Report #	Complete	Incomplete	Total
1999-2000	1999-03	3	0	3
2001-2002	1503-0102-03	19	3	22
2002-2003	1701-0203-03	10	15	25
2004-2005	2900-0405-04	0	5	5
Total		32	23	55

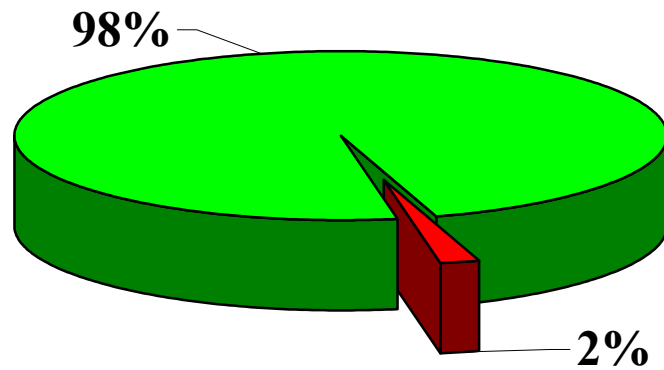
## Finance & Business Services



Fiscal Year	Report #	Complete	Incomplete	Total
1999-2000	1999-01	12	1	13
1999-2000	1999-02	1	0	1
1999-2000	1999-03	10	0	10
1999-2000	1999-09	2	0	2
1999-2000	2000-01	14	1	15
2000-2001	2400-0001-01	2	0	2
2000-2001	1401-0001-02	24	5	29
2001-2002	1501-0102-02	6	1	7
2001-2002	601-0102-04	18	1	19
2001-2002	2002-0102-10	17	0	17
2002-2003	602-0203-04	13	7	20
2002-2003	502-0203-05	1	0	1
2002-2003	2200-0203-06	0	5	5
2003-2004	2300-0304-03	0	2	2
<b>Total</b>		<b>120</b>	<b>23</b>	<b>143</b>

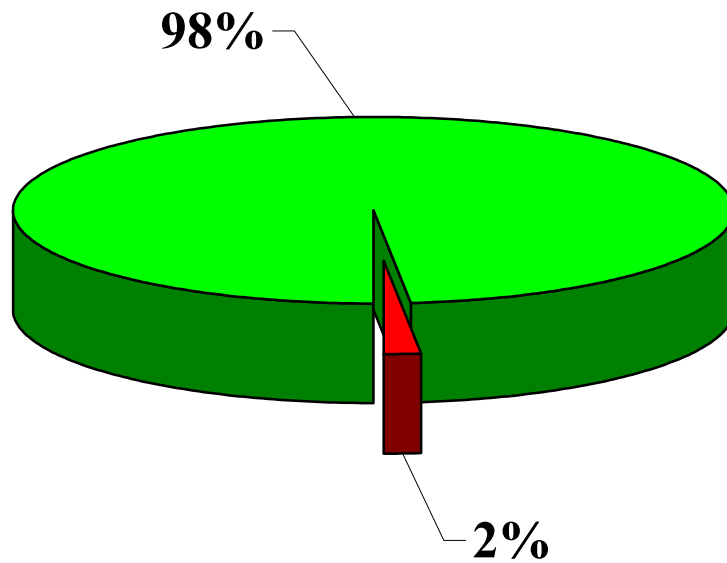


## Human Resources



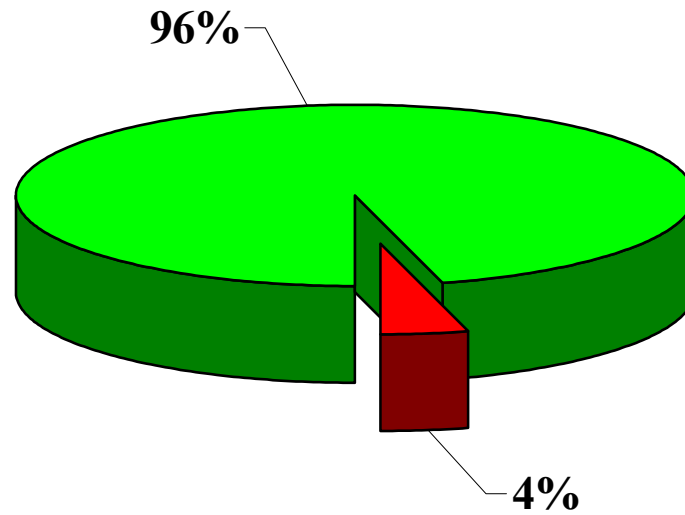
Fiscal Year	Report #	Complete	Incomplete	Total
1999-2000	1999-02	4	0	4
1999-2000	1999-03	3	0	3
1999-2000	1999-09	2	0	2
1999-2000	2000-01	32	0	32
2000-2001	501-0001-06	30	1	31
2002-2003	502-0203-05	26	0	26
2003-2004	2300-0304-01	1	1	2
<b>Total</b>		<b>98</b>	<b>2</b>	<b>100</b>

## Information Technologies



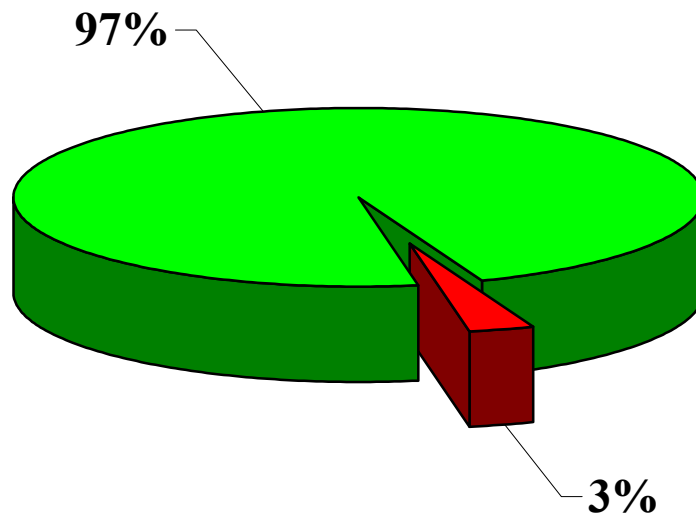
Fiscal Year	Report #	Complete	Incomplete	Total
1999-2000	1999-02	46	0	46
1999-2000	1999-06	18	0	18
1999-2000	2000-01	17	2	19
2001-2002	2101-0102-09	34	0	34
2004-2005	2900-0405-04	4	0	4
Total		119	2	121

## Leisure Services



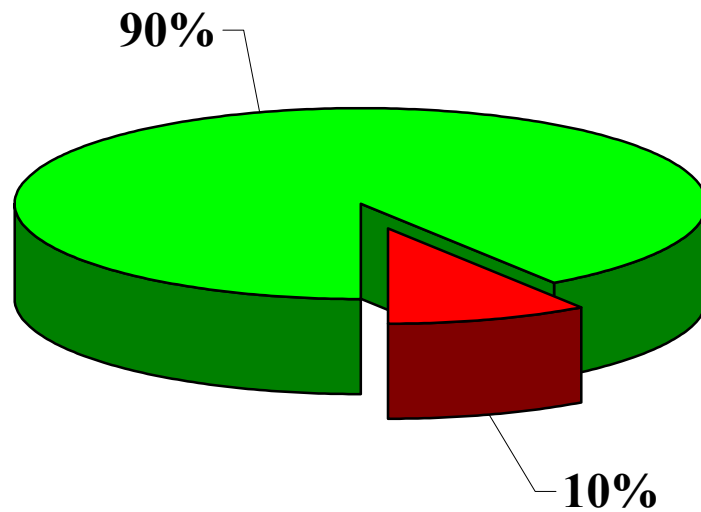
Fiscal Year	Report #	Complete	Incomplete	Total
1999-2000	1999-03	3	0	3
1999-2000	1999-09	55	0	55
1999-2000	1999-10	29	0	29
2000-2001	2400-0001-01	2	0	2
2001-2002	2300-0102-01	7	0	7
2001-2002	1601-0102-07	17	0	17
2002-2003	1702-0203-03	6	0	6
2004-2005	2200-0405-01	11	4	15
2004-2005	2200-0405-02	9	1	10
2004-2005	2900-0405-04	1	1	2
Total		140	6	146

## Municipal Court



Fiscal Year	Report #	Complete	Incomplete	Total
1999-2000	1999-07	24	1	25
2000-2001	2300-0001-03	9	0	9
Total		33	1	34

## Office of Business Development



Fiscal Year	Report #	Complete	Incomplete	Total
2003-2004	2300-0304-01	19	2	21
Total		19	2	21

D E T A I L S T A T U S				
City Manager				
1999-09 Department of Leisure Services – Recreation Division				
			STATUS	PAGE
C. 02.	i.	Vending/Corporate Sponsorship	Incomplete	18
1701-0203-03 Audit of Parks and Open Spaces				
04.	3.	Facility and Equipment Security	Incomplete	18
2300-304-01 SPECIAL REPORT: Neighborhood Services Review of Selected Issues				
03.	a.	Last Chance Agreement	Incomplete	19
2001-0405-03 Audit of Controls Over City Utility Payments and Costs				
01.	1.	Utility Usage Monitoring	Not Due	19-20
02.	1.	Utility Information	Not Due	20
04.	1.	Utility Account Approval Verification	Not Due	21
05.	1.	Terminated Utility Accounts	Not Due	21-22
1701-0405-05 Audit of Durango Hills Golf Course Management Contract				
01.	1.	Financial Performance	Not Due	22
02.	1.	Contract Oversight	Not Due	23
1501-0405-06 Audit of Woodlawn Cemetery Lease Agreement				
01.	1.	Areas of Non-Compliance	Not Due	23
02.	1.	Agreement Monitoring	Not Due	24
03.	1.	Books & Records Safekeeping and Preservation	Not Due	24
Field Operations				
1503-0102-03 Audit of Fleet and Transportation Services				
02.	4.	Accountability For Vehicle Abuse	Incomplete	25
04.	1.	Housing Authority Contract	Incomplete	25
08.		Underutilized Vehicles	Incomplete	25
1701-0203-03 Audit of Parks and Open Spaces				
01.		Standard Operating Procedures	Incomplete	26
02.	3.	Park Security	Incomplete	26
03.		Park Signage	Incomplete	27
04.	1.	Facility and Equipment Security	Incomplete	27
06.		Property Damage Reporting	Incomplete	27
08.	1.	Review of Design Standards and Park Designs	Incomplete	28
08.	2.	Review of Design Standards and Park Designs	Incomplete	28
09.	1.	Public Complaints	Incomplete	28
09.	2.	Public Complaints	Incomplete	29
10.	3.	Park Reservations	Incomplete	29

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<b>Field Operations</b>				
<b>1701-0203-03 Audit of Parks and Open Spaces</b>				
			<b>STATUS</b>	<b>PAGE</b>
10.	7.	Park Reservations	Incomplete	29
10.	8.	Park Reservations	Incomplete	30
11.	1.	Park Ambassador Program	Incomplete	30
12.	2.	ADA Standards Compliance	Incomplete	30
13.		Allocation of Manpower	Incomplete	31
<b>2900-0405-04 Internal Control Review Activity Report December 31, 2004</b>				
03.	1.	ICR 005 - Field Operations - Procurement Card (P-Card) Misuse	Incomplete	31
03.	2.	ICR 005 - Field Operations - Procurement Card (P-Card) Misuse	Incomplete	32
03.	3.	ICR 005 - Field Operations - Procurement Card (P-Card) Misuse	Incomplete	32
03.	4.	ICR 005 - Field Operations - Procurement Card (P-Card) Misuse	Incomplete	32
03.	5.	ICR 005 - Field Operations - Procurement Card (P-Card) Misuse	Incomplete	33
<b>1701-0405-05 Audit of Durango Hills Golf Course Management Contract</b>				
01.	2.	Financial Performance	Not Due	33
01.	3.	Financial Performance	Not Due	33
03.	1.	Monthly Reports	Not Due	34
04.	1.	Personnel	Not Due	34
05.	1.	Sales Tax Collection and Remittance	Not Due	34
05.	2.	Sales Tax Collection and Remittance	Not Due	35
06.	1.	Sales Tax For Purchases	Not Due	35
07.	1.	Property Tax	Not Due	35
07.	2.	Property Tax	Not Due	36
08.	1.	Pro-Shop Operation	Not Due	36
09.	1.	Pro-Shop Merchandise	Not Due	37
10.	1.	Restaurant Operation	Not Due	37
10.	2.	Restaurant Operation	Not Due	37
11.	1.	Maintenance	Not Due	38
12.	1.	Complimentary Use of Golf Course Facility	Not Due	38
12.	2.	Complimentary Use of Golf Course Facility	Not Due	38
13.	1.	Imprest Fund	Not Due	39
14.	1.	Redemption Certificate	Not Due	39
15.	1.	Lost and Found	Not Due	39
<b>Finance &amp; Business Services</b>				
<b>1999-01 Office Supplies Contract Special Audit</b>				
06.	a.	Purchasing Policy And Procedures	Incomplete	40
<b>2000-01 Citywide Payroll Process</b>				
B. 02.	i.	Payroll Reports	Extended	40

<b>Finance &amp; Business Services</b>				
<b>2000-01 Citywide Payroll Process</b>				
			<b>STATUS</b>	<b>PAGE</b>
B. 02.	ii.	Payroll Reports	Extended	41
C. 02.	i.	Incentive Compensation For Appointive Employees	Incomplete	41
<b>1401-0001-02 Audit of Parking Enforcement and Collections</b>				
01.	1.	Delinquent Parking Citation Collections	Incomplete	42
06.	1.	Parking System Limitations	Incomplete	42
06.	2.	Parking System Limitations	Incomplete	42
09.	3.	Parking Planning, Coordination, and Oversight	Incomplete	43
14.	1.	Parking Hearings	Incomplete	43
<b>1501-0102-02 Audit of Wastewater Pollution Control Facility and Sewer Services</b>				
A. 01.	3.	North Las Vegas Wastewater Treatment Fees	Incomplete	44
B. 02.	1.	Sewer Fee Billings	Extended	45
B. 04.	1.	Performance Reports	Extended	46
B. 04.	2.	Performance Reports	Extended	46
<b>601-0102-04 Audit of City Investments</b>				
06.	1.	Proficiency / Training of Backup Investment Personnel	Incomplete	46
<b>602-0203-04 Audit of Special Improvement District Administration</b>				
02.	3.	Oversight and Coordination Responsibilities	Incomplete	47
04.	1.	Policies and Procedures	Incomplete	47
04.	2.	Policies and Procedures	Incomplete	47
06.	1.	Fee Waivers	Incomplete	48
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09.	2.	Account Reconciliations	Incomplete	49
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01.	1.	Unannounced Petty Cash Counts	Incomplete	49
01.	2.	Unannounced Petty Cash Counts	Incomplete	49
01.	3.	Unannounced Petty Cash Counts	Incomplete	50
01.	4.	Unannounced Petty Cash Counts	Incomplete	50
01.	5.	Unannounced Petty Cash Counts	Incomplete	51
<b>2300-0304-03 Investigative Report: Petty Cash Theft– Planning and Development Department</b>				
01.	1.	Internal Control Environment	Incomplete	51
03.	1.	Review for Reasonableness	Incomplete	52
<b>2001-0405-03 Audit of Controls Over City Utility Payments and Costs</b>				
03.	1.	Allocation of Utility Costs	Not Due	52
05.	2.	Terminated Utility Accounts	Not Due	53
06.	1.	Utility Billings	Not Due	53-54



<b>Finance &amp; Business Services</b>				
<b>2500-0405-07 Special Report: Vendor/Employee File Review</b>				
			<b>STATUS</b>	<b>PAGE</b>
01.	1.	Consistent Data Input	Not Due	54
02.	1.	Employee Contractors	Not Due	54
02.	2.	Employee Contractors	Not Due	55
<b>Human Resources</b>				
<b>501-0001-06 Audit of Safety/Loss Control</b>				
02.	1.	Vehicle Accidents	Incomplete	56
03.	1.	Self-Insurance Funds	Extended	57
<b>2300-0304-01 Special Report: Neighborhood Services Review of Selected Issues</b>				
03.	c.	Last Chance Agreement	Incomplete	57
<b>2500-0405-07 Special Report: Vendor/Employee File Review</b>				
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03.	2.	Outside Employment Documentation	Not Due	58
<b>Information Technologies</b>				
<b>2000-01 Citywide Payroll Process</b>				
E. 02.	iii.	Access Control	Incomplete	59
E. 06.	v.	Root Access	Incomplete	60
<b>2101-0102-09 Audit of Information Technology Security</b>				
03.	2.	Incident and Intrusion Monitoring, Detection, Handling, Reporting, and Logging	Extended	61-62
08.	6.	System Access and Authentication	Extended	62
09.	1.	Domain Administrator Rights	Extended	63
<b>2001-0405-03 Audit of Controls Over City Utility Payments and Costs</b>				
01.	2.	Utility Usage Monitoring	Not Due	63
<b>Leisure Services</b>				
<b>2200-0405-01 Audit of Cash Handling Controls at Chuck Minker Sports Complex</b>				
01.	02.	Cashier Operations - Customer Receipts	Incomplete	64
01.	08.	Cashier Operations - Surveillance Camera	Incomplete	64
03.	01.	Food Concession Sales	Incomplete	65
03.	02.	Food Concession Sales	Incomplete	65
<b>2200-0405-02 Audit of Cash Handling Controls at Dula Gymnasium</b>				
03.	01.	Cash Collections For Non-City Organizations	Incomplete	66
<b>2900-0405-04 Internal Control Review Activity Report December 31, 2004</b>				
02.	2.	ICR 004 - West Community Center - Cash Handling	Incomplete	66

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<b>1999-07 Las Vegas Municipal Court</b>				
			<b>STATUS</b>	<b>PAGE</b>
B. 02.	ii.	Transaction Receipts	Extended	67
B. 02.	iii.	Transaction Receipts	Extended	67
B. 03.	i.	Correspondence With Defendants	Extended	67
B. 03.	ii.	Correspondence With Defendants	Extended	68
C.01.	ii.	Physical Security of Court	Incomplete	68
C. 02.	iii.	User Passwords For Court System	Extended	68
C. 03.	ii.	Court System Record Change Access and Monitoring	Extended	69
C. 04.	ii.	Limits On Cash In Drawers	Extended	69
D. 01.		Audit Trail Reports and Monitoring	Extended	69
D. 02.		Bail Register Report Errors	Extended	70
<b>2300-0001-03 Special Report: Municipal Court Mail Unit</b>				
07.		Municipal Court Mail Unit	Extended	70-71
<b>Office of Business Development</b>				
<b>201-0304-04 Audit of Office of Business Development</b>				
06.	2.	Marketing Plan	Incomplete	72
07.	2.	Service Feedback Program	Incomplete	72
<b>Public Works</b>				
<b>2001-0405-03 Audit of Controls Over City Utility Payments and Costs</b>				
07.	1.	Unauthorized Use Of Streetlight Circuits	Not Due	73

**DETAIL:**

**DEPARTMENTAL AUDIT  
RECOMMENDATION FOLLOW-UP**

## *City Manager*

### **1999-09 Department of Leisure Services - Recreation Division**

#### **C. 02. i. Vending/Corporate Sponsorship**

**Incomplete**

##### **Recommendation**

City management should put out to bid all of the City's vending and the "Official Soft Drink of Las Vegas" title in order to obtain additional revenue from a soft drink vendor or distributor to support City programs.

##### **Management's Plan of Action**

Department of Leisure Services Management will explore the benefits of putting to bid all the City's vending and the "Official Soft Drink of Las Vegas" title in order to obtain substantial revenue from a soft drink vendor or distributor.

### **1701-0203-03 Audit of Parks and Open Spaces**

#### **04. 3. Facility and Equipment Security**

**Incomplete**

##### **Recommendation**

The City Manager's Office in conjunction with Detention and Enforcement should evaluate and document the current status of controls of keys at the City and develop a plan to address weaknesses in the controls to ensure proper security of city facilities. This evaluation should include a review of the following areas:

- Distribution of keys
- Effectiveness of marking keys "Do not duplicate"
- Handling of terminated employees
- Handling of transferred employees who no longer need keys
- Process for returning keys
- Penalty for not returning keys
- Penalty for losing keys
- Policy on when locks should be changed or recorded when keys are lost, stolen, or misplaced.

##### **Management's Plan of Action**

Over the past several years, significant strides have been made in the safety and security of keys produced and distributed by the City. Even with those strides, however, opportunities for further improvement and more consistent application exist. To that end, the City Manager's Office will work with Detention and Enforcement, Field Operations, Human Resources, and other stakeholders in this process to address weaknesses in controls identified by this audit.

## *City Manager*

### **2300-0304-01 Special Report: Neighborhood Services Review of Selected Issues**

#### **03. a. Last Chance Agreement**

**Incomplete**

##### **Recommendation**

The City Manager's Office and Human Resources should ensure that Last Chance Agreements are used for "represented" personnel affected by substance abuse.

##### **Management Comments:**

**Per Steve Houchens (August 31, 2004 email), HR's follow-up response addresses this issue. Human Resources staff has drafted a proposed policy and procedure to address Last Chance Agreements for classified employees and a Continued Employment Agreement for Executive or Appointive employees. These documents have been forwarded to the City Attorney's Office and Administrative Services for review.**

### **2001-0405-03 Audit of Controls Over City Utility Payments And Costs**

#### **01. 1. Utility Usage Monitoring**

**Not Due**

##### **Recommendation**

The City Manager's Office working with Field Operations, Public Works, Information Technology and the Department of Finance should coordinate the development of a comprehensive and coordinated utility usage monitoring program for power, gas, water, and trash service. In developing the program, the following should be addressed:

- a. Identification of individual(s) and departments to lead implementation of program.
- b. Division of oversight responsibility for meters and services.
- c. Identification of information to be monitored.
- d. Identification of individuals responsible for monitoring.
- e. Frequency of monitoring to be performed.
- f. Improvements needed in data and reports to facilitate monitoring.
- g. Communication with utility companies.

##### **Management's Plan of Action**

The issues brought forth in the audit will need to be addressed through organizational change. To that end, the City Manager's Office has created a Utility Management Task Force to address the issues. The Task Force will include, at a minimum, representatives from Finance and Business Services, Field Operations, Public Works, and Information Technologies. The Task Force will facilitate the development of a coordinated process for obtaining, managing and processing payments for utility services, specifically power, water, gas, cable, and solid waste.

## *City Manager*

### **2001-0405-03 Audit of Controls Over City Utility Payments And Costs**

#### **01. 1. Utility Usage Monitoring**

**Not Due**

The process will include identification and analysis of existing processes and lines of responsibility. It will identify the functional needs of utility stakeholders and create both an organizational as well as a technical solution to manage the program. This Task Force will address the recommendations brought forward in Findings 1 through 6.

We estimate addressing organizational needs in six months, and technological needs in 15 to 18 months. We appreciate the efforts of the auditors in their review of this process and look forward to their continued input as we respond to their findings.

#### **02. 1. Utility Information**

**Not Due**

##### **Recommendation**

In conjunction with the development of a utility usage monitoring program, the City Manager's Office working with Field Operations, Public Works, Information Technology and the Department of Finance should address the identified utility information deficiencies and coordinate the enhancement of the utility information available for use in the program.

##### **Management's Plan of Action**

The issues brought forth in the audit will need to be addressed through organizational change. To that end, the City Manager's Office has created a Utility Management Task Force to address the issues. The Task Force will include, at a minimum, representatives from Finance and Business Services, Field Operations, Public Works, and Information Technologies. The Task Force will facilitate the development of a coordinated process for obtaining, managing and processing payments for utility services, specifically power, water, gas, cable, and solid waste.

The process will include identification and analysis of existing processes and lines of responsibility. It will identify the functional needs of utility stakeholders and create both an organizational as well as a technical solution to manage the program. This Task Force will address the recommendations brought forward in Findings 1 through 6.

We estimate addressing organizational needs in six months, and technological needs in 15 to 18 months. We appreciate the efforts of the auditors in their review of this process and look forward to their continued input as we respond to their findings.

## *City Manager*

### **2001-0405-03 Audit of Controls Over City Utility Payments And Costs**

#### **04. 1. Utility Account Approval Verification**

**Not Due**

##### **Recommendation**

The City Manager's Office working with the Departments of Field Operations and Public Works should establish consistent standards for the communication of new utility accounts to Accounts Payable and the documentation of new utility accounts. Consideration should be given to recording new utility account information in a database or spreadsheet accessible by Accounts Payable and other city departments.

##### **Management's Plan of Action**

The issues brought forth in the audit will need to be addressed through organizational change. To that end, the City Manager's Office has created a Utility Management Task Force to address the issues. The Task Force will include, at a minimum, representatives from Finance and Business Services, Field Operations, Public Works, and Information Technologies. The Task Force will facilitate the development of a coordinated process for obtaining, managing and processing payments for utility services, specifically power, water, gas, cable, and solid waste.

The process will include identification and analysis of existing processes and lines of responsibility. It will identify the functional needs of utility stakeholders and create both an organizational as well as a technical solution to manage the program. This Task Force will address the recommendations brought forward in Findings 1 through 6.

We estimate addressing organizational needs in six months, and technological needs in 15 to 18 months. We appreciate the efforts of the auditors in their review of this process and look forward to their continued input as we respond to their findings.

#### **05. 1. Terminated Utility Accounts**

**Not Due**

##### **Recommendation**

The City Manager's Office working with the Departments of Field Operations and Public Works should establish consistent standards for the communication of terminated utility accounts to Accounts Payable. In addition, consistent standards should be established on the documentation of these accounts. Consideration should be given to recording this information in a database or spreadsheet accessible by Accounts Payable and other city departments.

##### **Management's Plan of Action**

The issues brought forth in the audit will need to be addressed through organizational change. To that end, the City Manager's Office has created a Utility Management Task Force to address the issues. The Task Force will include, at a minimum, representatives from Finance and Business Services, Field Operations, Public Works, and Information Technologies. The Task Force will

## *City Manager*

### **2001-0405-03 Audit of Controls Over City Utility Payments And Costs**

**05. 1. Terminated Utility Accounts Not Due**

facilitate the development of a coordinated process for obtaining, managing and processing payments for utility services, specifically power, water, gas, cable, and solid waste.

The process will include identification and analysis of existing processes and lines of responsibility. It will identify the functional needs of utility stakeholders and create both an organizational as well as a technical solution to manage the program. This Task Force will address the recommendations brought forward in Findings 1 through 6.

We estimate addressing organizational needs in six months, and technological needs in 15 to 18 months. We appreciate the efforts of the auditors in their review of this process and look forward to their continued input as we respond to their findings.

### **1701-0405-05 Audit of Durango Hills Golf Course Management Contract**

**01. 1. Financial Performance Not Due**

#### **Recommendation**

The City Manager's Office should develop a long-term plan to finance DHGC's financial deficits.

#### **Management's Plan of Action**

The City will continue to seek ways to systematically reduce and ultimately eliminate the financial deficit as the golf course operations mature and grow.



## *City Manager*

### **1701-0405-05 Audit of Durango Hills Golf Course Management Contract**

#### **02. 1. Contract Oversight**

**Not Due**

##### **Recommendation**

The City Manager's Office should re-evaluate the City's contract oversight responsibilities of DHGC and assign appropriate staff to monitor the contract. In evaluating contract oversight responsibilities, the following should be considered:

- a. Operational and financial risks
- b. Control activities to mitigate the risks identified
- c. Proper segregation of incompatible duties
- d. Quantifiable key performance indicators for significant areas of the operation
- e. Accurate, reliable and timely information to report on performance
- f. Safeguarding of assets
- g. Formal policies and procedures
- h. Compliance with laws, regulations, and contract terms
- i. Operational effectiveness and efficiency
- j. Customer satisfaction and feedback

##### **Management's Plan of Action**

City management is evaluating the assignment of contract oversight responsibilities as recommended and will be making assignments as appropriate within the next 90 days.

### **1501-0405-06 Audit of Woodlawn Cemetery Lease Agreement**

#### **01. 1. Areas of Non-Compliance**

**Not Due**

##### **Recommendation**

The City Manager's Office should formally request that the Contractor comply with the identified areas of non-compliance.

##### **Management's Plan of Action**

The City Manager will follow this recommendation accordingly.

## *City Manager*

**1501-0405-06    Audit of Woodlawn Cemetery Lease Agreement**

**02. 1.            Agreement Monitoring**

**Not Due**

### **Recommendation**

The City Manager's Office should assign a city staff to monitor this Agreement and act as a lead contact for the Contractor. This information should be formally communicated to the Contractor.

### **Management's Plan of Action**

As recommended, the City is in the process of establishing a point of contact for this contract as well as other contracts that recognize beneficial use agreements with third parties.

**03. 1.            Books & Records Safekeeping and Preservation**

**Not Due**

### **Recommendation**

Considering Woodlawn's books and records will eventually be transferred back to the City, the City Manager's Office should coordinate a record safekeeping and preservation evaluation at Woodlawn by city staff from Records, Risk Management, and Information Technologies. An electronic file migration compatibility analysis should also be completed. The results of these evaluations and recommendations should be shared with the Contractor.

### **Management's Plan of Action**

The audit provides sufficient justification for key staff to review record keeping documents, technologies, processes, and policies to determine that records are adequately and appropriately maintained.

## *Field Operations*

### **1503-0102-03    Audit of Fleet and Transportation Services**

#### **02. 4.                    Accountability For Vehicle Abuse**

**Incomplete**

##### **Recommendation**

Fleet Services should perform an updated labor cost analysis considering both direct and indirect costs to determine a more appropriate labor rate to charge departments for preventable accidents and repair of damage caused by abuse.

##### **Management's Plan of Action**

A rate review will be conducted in conjunction with Recommendation 03.1. - Standard Maintenance Rates - Management Plan of Action: A comprehensive rate review in collaboration with Finance will be undertaken.

### **04. 1.                    Housing Authority Contract**

**Incomplete**

##### **Recommendation**

Fleet Services management should perform a cost analysis of its operations (including both direct and indirect costs) and determine appropriate rates to charge external organizations for labor, parts, and fuel. Based on this analysis, adjustments should be made to fees being charged to the Housing Authority.

##### **Management's Plan of Action**

Though we are of the opinion that the City is recovering costs associated with a maintenance contract with the Housing Authority, a detailed review of rates charged to the Housing Authority considering direct and indirect costs is in progress.

### **08.                      Underutilized Vehicles**

**Incomplete**

##### **Recommendation**

Fleet Services management should more routinely evaluate and document the usage of city vehicles and recommend to appropriate management the re-assignment of less utilized vehicles.

##### **Management's Plan of Action**

Implemented a new fuel tracking report during the course of the audit that highlights "low fuel usage" vehicles (those that consume less than 20 gallons per month in any three month period). Once a continuous pattern has been determined, a collaborative discussion between Fleet Services and the user will take place to maximize the asset's use.

## *Field Operations*

### **1701-0203-03 Audit of Parks and Open Spaces**

#### **01. Standard Operating Procedures**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management should create a divisional standard operations manual. This manual should be made accessible to employees and updated as needed. Consideration should be given to the inclusion of the following items:

- Daily park cleaning and maintenance tasks
- Preventative maintenance guidelines and timetables
- Park inspection checklists
- Irrigation schedules
- Equipment and supplies purchasing guidelines
- Equipment operating and cleaning procedures
- Equipment and supplies security and storage guidelines
- Vandalism reporting guidelines
- Handling of customer complaints
- Key contacts and phone numbers

##### **Management's Plan of Action**

We will further develop and expand the policy & procedure manual and operations manual that we have. We will address and include those items and areas that have been recommended.

Timetable: 6 months.

### **02.3. Park Security**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management should ensure park signage includes easily identifiable phone numbers to call to report park vandalism and graffiti.

##### **Management's Plan of Action**

We are currently working on signage for updated rules & regulations; some is in rough draft form already. We will also work on language and signage for specialty situations, conditions, and locations. We will work with Detention and Enforcement for the most effective locations for sign placement.

Timetable: 3 months to finish language and gather all approvals. 2 months to bid and manufacture. 6 months to install in all parks.

## *Field Operations*

### **1701-0203-03 Audit of Parks and Open Spaces**

#### **03. Park Signage**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management, in conjunction with the City Manager's Office, the City Attorney's Office, Leisure Services, and the City Marshal's Office, should evaluate existing park signage and make changes as necessary to:

- Bring greater consistency of signage between parks and park venues;
- Improve the enforceability of park rules and regulations; and
- Provide increased information to the public.

##### **Management's Plan of Action**

We are currently working on signage verbiage for updated rules & regulations. We are also working on language for specialty situations, conditions, and locations. We will work with Detention & Enforcement for the most effective locations for sign placement.

Timetable: It will take us 4 – 5 months to get the signs approved and manufactured; 6 months to install in all parks. Will be completed by September 30, 2003.

### **04. 1. Facility and Equipment Security**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management should more fully document its security policies.

##### **Management's Plan of Action**

As part of our policies & procedures and operations manual efforts we will more fully document our security policies.

Timetable: This would be in the same time frame of #1; 6 months.

### **06. Property Damage Reporting**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces Management should establish formal guidelines regarding what property damage at city parks should be reported to Insurance Services. For example, thresholds could be established based on hours or costs incurred.

##### **Management's Plan of Action**

The Parks & Open Spaces Division will explore the possibility and feasibility of establishing guidelines for reporting property damage; based on square footage of damage, estimated cost of repair, vulgarity or ethnic inappropriateness, and/or repetitive acts at one location. We are currently reporting all accident damage and stolen items.

Timetable: We will have this done by April 30, 2003.

## *Field Operations*

### **1701-0203-03 Audit of Parks and Open Spaces**

#### **08. 1. Review of Design Standards and Park Designs**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management should review design standards that impact city parks and provide input to Architectural Services.

##### **Management's Plan of Action**

The Parks & Open Spaces Division will work with the Office of Architectural Services to incorporate a Parks signature line on all park construction drawings and a process whereby review comments will be submitted in a timely manner to OAS and all comments will remain on file.

Timetable: Will be completed by January 1, 2003.

#### **08. 2. Review of Design Standards and Park Designs**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management should timely review and provide input on park designs and track their input to ensure that their issues are adequately addressed prior to the awarding of park construction contracts.

##### **Management's Plan of Action**

The Parks & Open Spaces Division will work with the Office of Architectural Services to incorporate a Parks signature line on all park construction drawings and a process whereby review comments will be submitted in a timely manner to OAS and all comments will remain on file.

Timetable: Will be completed by January 1, 2003.

#### **09. 1. Public Complaints**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management should evaluate additional measures that can be taken to improve and formalize the tracking and monitoring of customer issues and complaints.

##### **Management's Plan of Action**

We will work closely with those developing the HANSEN information system to be a part of the complaint monitoring component. Until it is functional, we will implement a hand driven system using a standardized form. We will make a monthly reporting form a part of our temporary and permanent systems. This will be in addition to the City's C.A.R. system.

Timetable: Unknown timeline on the implementation of the HANSEN component. We will have the hand driven system in place by December 1, 2002.

## *Field Operations*

### **1701-0203-03 Audit of Parks and Open Spaces**

#### **09. 2. Public Complaints**

**Incomplete**

##### **Recommendation**

Once a formalized tracking program is established, Parks and Open Spaces management should create summary reports and distribute them to concerned parties.

##### **Management's Plan of Action**

We will incorporate monthly reporting capabilities in each complaint tracking system.

Timetable: The hand driven system will be in place by December 1, 2002.

#### **10. 3. Park Reservations**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management should work with Leisure Services in designing improved signage for reservable picnic shelters and recreational areas that clearly identify the reservable area and how to reserve the area.

##### **Management's Plan of Action**

Since we are responsible for the preparation of these sites and responsible for the posting of the reservations we will design the signage and language and its installation.

Timetable: Start in 90 - 120 days and it will be on going. Signs will have to be manufactured first.

#### **10. 7. Park Reservations**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces personnel (rather than city marshals) in conjunction with their regular cleaning and maintenance duties should inspect reserved areas and sign-off on the rental contract/park permit. Parks and Open Spaces should then make the determination as to whether a portion or all of the damage deposit should be withheld.

##### **Management's Plan of Action**

There is no way that our staff can be at every reservation site when that reservation is completed. We would not see the area until the following morning and the argument could be made by the reserver that it was clean when they left. We currently notify Leisure Services when we observe that a site requires more than a normal maintenance effort to clean it. Leisure then deals with the deposit situation.

## *Field Operations*

### **1701-0203-03 Audit of Parks and Open Spaces**

#### **10. 8. Park Reservations**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management should develop guidelines for the proper cleaning of city parks and reservable park facilities for the public. These guidelines should be included in the park rental contract/park permit and in Special Event contracts and used as a measure in determining whether to refund a damage deposit.

##### **Management's Plan of Action**

Parks will establish normal cleaning and preparation standards; with time frames, and will create standards for what is expected of the public in cleaning up after a reservation.

Timetable: Will complete by January 1, 2003.

#### **11. 1. Park Ambassador Program**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management should formally respond monthly to the issues identified by the Park Ambassadors.

##### **Management's Plan of Action**

We do formally respond to the issues identified by the park ambassadors. What will need to be addressed is the content of the reporting and the unnecessary repetition of issues. When we respond to an issue they need to drop it off the report ... even if it's not what they want to hear. Too many of their issues are either cosmetic and can only be done when we have time or what they want done is beyond our capabilities.

Timetable: We are currently responding and will incorporate more detail in our responses.

#### **12. 2. ADA Standards Compliance**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces should assist in the creation of a formal program for bringing city parks into compliance with ADA standards.

##### **Management's Plan of Action**

The Parks Maintenance Division should not have the primary responsibility for developing programming that will bring City parks into ADA compliance. This function will require the development of project plans and drawings and OAS is much more qualified to do this. We must, and will be, an integral part of any and all formal programming.

Timetable: Immediate



## *Field Operations*

### **1701-0203-03 Audit of Parks and Open Spaces**

#### **13. Allocation of Manpower**

**Incomplete**

##### **Recommendation**

Parks and Open Spaces management should evaluate and document alternative measures that could be taken to increase the effectiveness of its weekend operations. Management should consider the following:

Outsourcing of general cleaning functions such as general trash pickup and restroom cleaning at more heavily used parks.

Less concentrated efforts on the weekends in preparation for reservations and special events could create additional time for routine cleaning and maintenance.

##### **Management's Plan of Action**

We continue to research alternative approaches to providing week- end, picnic reservation and special event coverage. One possibility we are exploring is the use of the annual building maintenance contract that Facilities Management has for the cleaning of restrooms at designated high use parks during the peak use seasons. We also continue to explore the possible use of community service workers; this will require that the courts be able to guarantee that sentences will be specific and mandatory.

There is no way that on our own we can implement less maintenance effort to picnic and special events. Not at all sure this would ever be politically supported. We will continue to maximize the use of overtime to address these needs with the on-going hope that some of the revenues derived from the reservations and events can be dedicated to additional staff. We will continue to develop work schedules that will maximize our efforts in these specialty maintenance requirements.

Timetable: On going.

### **2900-0405-04 Internal Control Review Activity Report December 31, 2004**

#### **03. 1. ICR 005 - Field Operations - Procurement Card (P-Card) Misuse**

**Incomplete**

##### **Recommendation**

Management should ensure cardholders are aware of the P-Card policy and procedures.

##### **Management's Plan of Action**

Copies of the Procurement Policy and Procedure were provided to staff along with a memo reminding staff to adequately document procurements and to follow governing procedures. In addition, Division Manager has reminded staff several times of the Procurement Policy and Procedure.

## *Field Operations*

### **2900-0405-04 Internal Control Review Activity Report December 31, 2004**

<b>03. 2.</b>	<b>ICR 005 - Field Operations - Procurement Card (P-Card) Misuse</b>	<b>Incomplete</b>
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#### **Recommendation**

Reviewers need to adequately review and follow-up on questioned.

#### **Management's Plan of Action**

The Division needs to do a better job documenting the details of our procurement transactions, both for historical documentation and to facilitate the payment process. Staff has been directed to record on all receipts: name of the person receiving the product (written and signature), Division name, and description and location of product utilization. These additional requirements have allowed for a more thorough review of procurements made by this Division.

<b>03. 3.</b>	<b>ICR 005 - Field Operations - Procurement Card (P-Card) Misuse</b>	<b>Incomplete</b>
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#### **Recommendation**

Reviewers should require detailed receipts before authorizing P-Card payments.

#### **Management's Plan of Action**

Staff was directed to always obtain a receipt, and make a notation on all receipts describing what was bought and the purpose (memo dated 10/18/04). In addition, the memo stated that reconciliation of procurements would not be processed unless ample justification and description is provided.

<b>03. 4.</b>	<b>ICR 005 - Field Operations - Procurement Card (P-Card) Misuse</b>	<b>Incomplete</b>
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#### **Recommendation**

Reviewers should review P-Card purchases on a regular basis.

#### **Management's Plan of Action**

Purchases are reviewed on a weekly basis. Only those items where receipts have been submitted are reconciled.

## *Field Operations*

### **2900-0405-04 Internal Control Review Activity Report December 31, 2004**

<b>03. 5.</b>	<b>ICR 005 - Field Operations - Procurement Card (P-Card) Misuse</b>	<b>Incomplete</b>
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#### **Recommendation**

Reviewers/approvers and departmental management should thoroughly understand the P-Card policy and procedure to be effective in safeguarding the City's resources.

#### **Management's Plan of Action**

The Policy and Procedure has been reviewed by management and implemented an improvement in our process to assist in safeguarding the City's resources.

### **1701-0405-05 Audit of Durango Hills Golf Course Management Contract**

<b>01. 2.</b>	<b>Financial Performance</b>	<b>Not Due</b>
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#### **Recommendation**

The Project Manager should request the Contractor to develop a comprehensive business plan, including marketing efforts, cost containment strategies, and strategic fee structures to ensure DHGC's financial viability.

#### **Management's Plan of Action**

City staff will request the Contractor to develop a comprehensive business plan.

<b>01. 3.</b>	<b>Financial Performance</b>	<b>Not Due</b>
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#### **Recommendation**

The Project Manager should closely monitor DHGC's financial performance and periodically report the results to the City Manager's Office.

#### **Management's Plan of Action**

Some information (i.e. revenue and rounds of golf) has been forthcoming on a regular basis. In concurrence with this recommendation, City staff will expand on these reporting and monitoring responsibilities to include other finance and performance measures.

## *Field Operations*

<b>1701-0405-05 Audit of Durango Hills Golf Course Management Contract</b>
<b>03. 1. Monthly Reports Not Due</b>

### **Recommendation**

The Project Manager should establish adequate controls to ensure that DHGC management is in compliance with the monthly reporting requirements and the golf course's operations are properly monitored.

### **Management's Plan of Action**

City staff will review and establish controls that will ensure compliance with monthly reporting and monitoring requirements.

<b>04. 1. Personnel Not Due</b>
---------------------------------

### **Recommendation**

The Project Manager should direct DHGC management to develop a formal and comprehensive policy and procedures manual including the following:

- a. All cash-handling employees should be subject to background check before hiring.
- b. All food and beverage servers should obtain a sheriff card before hiring.
- c. All hourly employees should use a time clock to record their daily work hours.

### **Management's Plan of Action**

This direction will be issued June 1, 2005 to both the local DHGC management and the parent company, IRI. A formal comprehensive policy and procedures manual will be completed in the third quarter of FY 2006. This will include reference to requirements relative to food and beverage servers. The requirements for everyone to punch a clock will be in place by July 1, 2005.

<b>05. 1. Sales Tax Collection and Remittance Not Due</b>
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### **Recommendation**

The Project Manager should request that the Contractor obtain a refund of the sales tax overpayments.

### **Management's Plan of Action**

The Project Manager will formally make the request for a refund of the sales tax over payment.

## *Field Operations*

### **1701-0405-05 Audit of Durango Hills Golf Course Management Contract**

#### **05. 2. Sales Tax Collection and Remittance**

**Not Due**

##### **Recommendation**

If the Contractor fails to obtain a refund from the Department of Taxation, the Project Manager should require the Contractor to reimburse the City for the sales tax overpayments.

##### **Management's Plan of Action**

The City will provide assistance to the Contractor to obtain a refund of the sales tax. If such efforts are unproductive, the City will issue a claim against the Contractor as recommended.

#### **06. 1. Sales Tax For Purchases**

**Not Due**

##### **Recommendation**

The Project Manager should consult with the City Attorney's Office to determine whether DHGC can take advantage of the City's tax exemption status. If DHGC is unable to take advantage of the City's tax exemption status, the Project Manager should evaluate the tax implications of outsourcing the golf course operation and consider other possible alternatives to minimize DHGC's operating costs.

##### **Management's Plan of Action**

Given the procedure what has been in place, we take some exception to the findings in that the Project Manager did not see invoices which would have shown sales tax being paid. The Project Manager will meet with the City Attorney's Office and the Purchasing Division to determine how purchases at the DHGC should be made to take advantage of the City's tax exempt status and to minimize operating costs.

#### **07. 1. Property Tax**

**Not Due**

##### **Recommendation**

The Project Manager should seek formal resolution from the City Attorney's Office as to whether the current outsourcing arrangement for DHGC qualifies for tax exemption.

##### **Management's Plan of Action**

The Project Manager should certainly be involved, however, a directive for formal resolution from the City Attorney's Office would be more appropriately made from the City Manager's Office.

## *Field Operations*

### **1701-0405-05 Audit of Durango Hills Golf Course Management Contract**

#### **07. 2. Property Tax**

**Not Due**

##### **Recommendation**

If it is determined that DHGC's current contracting arrangement does not qualify for tax exemption, the Project Manager should seek guidance from the City Manager's Office to determine alternative arrangements to minimize DHGC's operating costs.

##### **Management's Plan of Action**

See Recommendation #1 (The Project Manager should certainly be involved, however, a directive for formal resolution from the City Attorney's Office would be more appropriately made from the City Manager's Office.) The Project Manager will be a part of the review and will take action as directed.

#### **08. 1. Pro-Shop Operation**

**Not Due**

##### **Recommendation**

The Project Manager should direct DHGC management to implement the following:

- a. A fee schedule for rental and green fees should be posted in a conspicuous area of the pro-shop.
- b. Pro-shop attendants should verify golfers' ID (e.g. address, age) before charging them for lower fees (i.e. seniors, juniors, Clark County residents).
- c. DHGC should establish adequate controls to ensure golfers are issued payment receipts and notify golfers that their receipts are subject to verification by the cart attendants or the course marshals.
- d. The positioning of the surveillance cameras and their use should be evaluated.
- e. Reasons for all voided or cancelled transactions should be properly recorded and approved.

##### **Management's Plan of Action**

This will be made as a part of audit item #4 and will be completed by the Third Quarter of FY 2006. The issue of surveillance cameras will be discussed with Finance and Facilities Management for funding and proper placement.

## *Field Operations*

### **1701-0405-05 Audit of Durango Hills Golf Course Management Contract**

#### **09. 1. Pro-Shop Merchandise**

**Not Due**

##### **Recommendation**

The Project Manager should:

- a. Direct DHGC management to establish adequate controls to safeguard and properly account for the pro-shop merchandise.
- b. Review the monthly inventory count results and obtain satisfactory explanations for inventory discrepancies.
- c. Monitor the pro-shop's merchandise sales and costs of sales to ensure pre-determined financial targets are met.

##### **Management's Plan of Action**

- (a) will be addressed as part of the policy and procedure manual. The other will be done as part of a monthly review that will be implemented in the First Quarter of FY 2006.

#### **10. 1. Restaurant Operation**

**Not Due**

##### **Recommendation**

The Project Manager should more closely monitor the financial performance of the restaurant operation and periodically report the results to the City Manager's Office.

##### **Management's Plan of Action**

Monthly inspection of restaurant operations and reports will be made. A quarterly report will be made to the City Manager's Office.

#### **10. 2. Restaurant Operation**

**Not Due**

##### **Recommendation**

The Project Manager should evaluate whether it is acceptable for a husband and wife team to work in the restaurant.

##### **Management's Plan of Action**

A decision as to the appropriateness of a husband and wife both working in the same area will be reviewed and a decision made by the First Quarter of 2006.

## *Field Operations*

### **1701-0405-05 Audit of Durango Hills Golf Course Management Contract**

#### **11. 1. Maintenance Not Due**

##### **Recommendation**

The Project Manager should direct DHGC management to establish controls to ensure:

- a. The golf course is maintained in accordance with the contractual maintenance standards.
- b. Complete and accurate repair and maintenance records are maintained for all maintenance equipment.
- c. Complete and accurate fuel consumption records are maintained.
- d. Implementation of a formal safety program.

##### **Management's Plan of Action**

These recommendations will be included as a part of the policy and procedure manual that the contractor will be required to write. Until the completion of this document the Project Manager will ensure maintenance is done to acceptable standards.

#### **12. 1. Complimentary Use of Golf Course Facility Not Due**

##### **Recommendation**

The Project Manager should notify DHGC management of contract violations regarding complimentary use of golf course facility.

##### **Management's Plan of Action**

Will notify DHGC in writing.

#### **12. 2. Complimentary Use of Golf Course Facility Not Due**

##### **Recommendation**

The Project Manager should evaluate the current complimentary use practice and establish formal complimentary use guidelines for DHGC to follow. (The City should consider requiring golf instructors to pay a monthly fee or a percentage of instruction revenues.)

##### **Management's Plan of Action**

The Project Manager will draft a complimentary use policy to be part of the policy and procedure manual.



## *Field Operations*

### **1701-0405-05 Audit of Durango Hills Golf Course Management Contract**

#### **13. 1. Imprest Fund Not Due**

##### **Recommendation**

The Project Manager should periodically review the check register of the imprest fund to ensure all the purchases are appropriate and in compliance with the contract.

##### **Management's Plan of Action**

The Project Manager will consult with the Finance Department to make sure the imprest fund policy is clear. The imprest fund will be reviewed monthly.

#### **14. 1. Redemption Certificate Not Due**

##### **Recommendation**

The Project Manager should evaluate the redemption certificate program to determine whether it is beneficial to the golf course. If so, the Project Manager should direct DHGC management to formally document the objectives and establish proper controls for the program.

##### **Management's Plan of Action**

The Project Manager will review this marketing component to determine its worth. A formal policy will be developed to address the proper recording and control of the certificates.

#### **15. 1. Lost and Found Not Due**

##### **Recommendation**

The Project Manager should direct DHGC management to establish formal policy and procedures with regard to lost and found items found at the golf course.

##### **Management's Plan of Action**

A formal policy will be in place by Second Quarter of FY 2006.

## *Finance & Business Services*

**1999-01 Office Supplies Contract Special Audit**

**06. a. Purchasing Policy and Procedures**

**Incomplete**

### **Recommendation**

Purchasing and Contracts management should seek input from the buyers and the user departments to ensure the purchasing manual provides clear guidance and instructions for the purchasing function.

### **Management's Plan of Action**

The Purchasing & Contracts Division concurs with the recommendation and is currently in the process of creating new City-wide policies and procedures. Drafts have already been completed and will be submitted to the City Manager for approval in the next 90 days.

**2000-01 Citywide Payroll Process**

**B. 02. i. Payroll Reports**

**Extended**

### **Recommendation**

Payroll staff should seek input from City departments on the types of reports and improvements in current reports needed to appropriately monitor their labor hours and costs.

### **Management's Plan of Action**

The Accounting Division is in the process of developing and implementing a new time and attendance / labor distribution system purchased from Tru Trac. The implementation team crosses many departments and divisions, whose input will be sought for development of necessary and useful management reports. This new system will allow departments and divisions to establish work schedules and track hours worked and leave taken against those schedules, as well as track labor distribution costs. This system's database will be fully interfaced with Oracle Financials (Human Resources, Payroll, and General Ledger modules). Accounting will not write reports from the legacy system, but rather will expend that effort on the new Tru Trac system.

### **Management Comments:**

**The CLV Labor Hours Report is available in Oracle to assist City Departments in monitoring their costs. The report meets their needs by providing necessary detailed labor information based a number of parameters: Date range, Sort Order, Employee Number, Employee Name, WBS Code or Org Code.**

### **Auditor Comments:**

**F&BS has made progress with their in-house programs and believe more improvements can be made before closing this item out.**

## *Finance & Business Services*

**2000-01 Citywide Payroll Process**

**B. 02. ii. Payroll Reports**

**Extended**

### **Recommendation**

Payroll staff should communicate more effectively to City management the payroll information and reports that are currently available.

### **Management's Plan of Action**

The Accounting Division is in the process of developing and implementing a new time and attendance / labor distribution system purchased from Tru Trac. The implementation team crosses many departments and divisions, whose input will be sought for development of necessary and useful management reports. This new system will allow departments and divisions to establish work schedules and track hours worked and leave taken against those schedules, as well as track labor distribution costs. This system's database will be fully interfaced with Oracle Financials (Human Resources, Payroll, and General Ledger modules). Accounting will not write reports from the legacy system, but rather will expend that effort on the new Tru Trac system.

### **Management Comments:**

Several training sessions were conducted in during the last ½ of calendar year 2004 to train Staff and Management to run a variety of reports in the new time system. These reports were created based on input from various Departments that need this information to manage their Departments.

### **Auditor Comments:**

F&BS has made progress with their in-house programs and believe more improvements can be made before closing this item out.

**C. 02. i. Incentive Compensation For Appointive Employees**

**Incomplete**

### **Recommendation**

Finance should communicate to department directors a fixed dollar amount each year for the merit increases for all of their appointive employees.

### **Management's Plan of Action**

The theory behind the compensation systems is that the top of the range is the top of the market for that job and to exceed that would put our compensation system out of line with this principle. We would heartily support moving toward a bonus component as long as it does not become an add on to the generous increases employees receive each year. For example, executive and management employees do not have the opportunity to receive automatic COLAs in addition to their opportunity for merits and bonuses.

We agree with the finding that a fixed dollar amount for each department to use for appointive merit increases is a better management tool and that moving toward a once a year review period for appointive employees will help departments to better manage and measure their merit awards.

## *Finance & Business Services*

### **1401-0001-02 Audit of Parking Enforcement and Collections**

#### **01. 1. Delinquent Parking Citation Collections**

**Incomplete**

##### **Recommendation**

We recommend that the Parking Collections Unit establish a formal delinquent parking fines and penalties collection program including the use of an automated case tracking system. City management should evaluate the internal resources necessary to operate a successful collections program and consider soliciting the services of a collection agency to further enhance their efforts.

##### **Management's Plan of Action**

Agree with the above recommendations. An additional collections officer has been budgeted for fiscal year 2001 and employment began on August 17, 2000. Furthermore, the City is also soliciting bids from collection agencies in connection with EMS bad debts. The EMS RFP will serve as a reference for another RFP that will consolidate various other departments that need collection services—which would include parking collections. Finance will work with IT on the use of an automated case tracking system. An investigation of commercial-off-the-shelf and in-house solutions will be conducted.

#### **06. 1. Parking System Limitations**

**Incomplete**

##### **Recommendation**

The Parking Collections Unit, working with IT, should continue efforts to move the parking system to a Windows environment.

##### **Management's Plan of Action**

Agree. Per Information Technologies, commercial-off-the-shelf Parking applications are available. A feasibility study, and resulting requirements analysis and RFP will be investigated to address these issues.

#### **06. 2. Parking System Limitations**

**Incomplete**

##### **Recommendation**

Parking should work with IT to develop transaction receipts that automatically include the change due to a customer on the receipt. A sign should be posted in the lobby of the Parking Hearings and Citation Office that encourages customers to request a receipt if they are not given one. The Parking Collections Unit should also work with IT to develop the capability of accessing parking case records by transaction receipt numbers.

##### **Management's Plan of Action**

Agree. Per Information Technologies, commercial-off-the-shelf Parking applications are available. A feasibility study, and resulting requirements analysis and RFP will be investigated to address these issues.

## *Finance & Business Services*

### **1401-0001-02 Audit of Parking Enforcement and Collections**

#### **09. 3.                      Parking Planning, Coordination, and Oversight                      Incomplete**

##### **Recommendation**

Improved monthly internal reports should be created that effectively communicate parking information to all City divisions involved in parking issues. Input on what data to include in these reports should be sought from all parties involved. Distribution of these reports should be expanded to include all parties involved in parking decisions.

##### **Management's Plan of Action**

Agree with recommendation. Will establish a formal parking quarterly report that will parallel the City's current Quarterly Revenue Report and Investment Report. This new report will be user friendly and will incorporate multiple years of trend analysis in both the financial and non financial areas.

#### **14. 1.                      Parking Hearings                      Incomplete**

##### **Recommendation**

The Parking Collections Unit should work with IT in automating the hearings scheduling process as currently exists in the Municipal Court. Reports for hearings should automatically be generated from the parking system.

##### **Management's Plan of Action**

Agree. IT will be contacted to discuss software that would automate the hearing scheduling process.

## *Finance & Business Services*

### **1501-0102-02 Audit of Wastewater Pollution Control Facility and Sewer Services**

#### **A. 01. 3 North Las Vegas Wastewater Treatment Fees Incomplete**

##### **Recommendation**

Finance should renegotiate the rates being charged to NLV to cover the costs associated with treating their wastewater, facility maintenance, and allocable capital expenditures.

##### **Management's Plan of Action**

Staff concurs with the reported condition that the ERU calculations of the city of North Las Vegas (NLV) do not seem to adequately reflect their volume of wastewater. In the fall of 2000, the city of Las Vegas (LV) began negotiations with NLV to resolve these issues. Subsequently, the Finance and Public Works Departments of LV and NLV have reached an agreement in principal that the operating and capital costs of the Wastewater Pollution Control Facility (WPCF) should be shared on the percentage of flow rather than an ERU basis. Capital costs (both debt and cash financed) will be amortized over 20 years and combined with the annual operating costs to determine the shared costs downstream from the NLV interceptor. Additional triggers need to be negotiated for potential variations in the strength of the wastewater, as well as other possible developments such as the construction of water reclamation facilities by NLV. Public Works will meet with Finance to develop a contract review committee and decide what significant contracts need to be monitored and how to do that.

## *Finance & Business Services*

### **1501-0102-02 Audit of Wastewater Pollution Control Facility and Sewer Services**

#### **B. 02. 1 Sewer Fee Billings**

**Extended**

#### **Recommendation**

Sewer Services management should change the sewer services billing to a quarterly billing cycle and adjust the penalty policies to align with this change.

#### **Management's Plan of Action**

The Business Services Division (BSD) is recommending a proposed Municipal Code change to a quarterly billing cycle where the penalty fee would be assessed on the outstanding balance for the quarter rather than the unpaid balance of the bill. These code changes are projected for implementation around October 2001.

Regarding the incorporation of sewer fees into annual property taxes, we do not believe it is economically or operationally feasible at this time. We estimate that our cost to perform the billing function (including treasury, technology, sewer billing, and mail room support) does not exceed \$250,000 annually. Obviously, this cost is passed on to the property owners in the form of sewer rates. The Nevada Revised Statutes (NRS) would need significant revision to allow the County to include routine City sewer bills with the property tax. Such a change would also require a change in the City billing cycle which is currently based on the start of service, not on the fiscal tax year. Since the NRS currently provides for a 4 percent surcharge by the County Treasurer for the delinquent sewer service charges it collects on the annual property tax roll, it is difficult to imagine they would be willing to handle all sewer billings for less than that statutory rate. Note that this 4 percent fee is passed on to the property owner. If all charges were billed through the County Treasurer, their estimated fees would approach \$1.5 million, far exceeding what the property owners currently pay for City billing service. The City would still be responsible for inspections and customer service inquiries, functions that the County will not be able to execute. Consequently, the Business Services Division does not see an advantage for the rate-payer in using the County Treasurer for all billings at this time.

## *Finance & Business Services*

### **1501-0102-02 Audit of Wastewater Pollution Control Facility and Sewer Services**

#### **B. 04. 1 Performance Reports**

**Extended**

##### **Recommendation**

Sewer Services should create a monthly performance report with additional performance data needed by upper management.

##### **Management's Plan of Action**

As mentioned, the BSD anticipates converting the current sewer billing system to the Oracle-based Hansen Industries system. The new system, fully integrated with the planning, building inspection, public works, business licensing, and finance functions, will allow for the creation of many different management reports. In order to best allocate personnel resources (both BSD and Information Technology), no changes will be made to the legacy system, but rather the improved management reports will be focused on the new Hansen system when it is brought up in late Fall, 2002.

#### **B. 04. 2. Performance Reports**

**Extended**

##### **Recommendation**

For information that is not easily accessible from the sewer service system, Sewer Services should work with Information Technologies to access this data.

##### **Management's Plan of Action**

As mentioned, the BSD anticipates converting the current sewer billing system to the Oracle-based Hansen Industries system. The new system, fully integrated with the planning, building inspection, public works, business licensing, and finance functions, will allow for the creation of many different management reports. In order to best allocate personnel resources (both BSD and Information Technology), no changes will be made to the legacy system, but rather the improved management reports will be focused on the new Hansen system when it is brought up in late Fall, 2002.

### **601-0102-04 Audit of City Investments**

#### **06. 1. Proficiency/Training of Backup Investment Personnel**

**Incomplete**

##### **Recommendation**

The Treasury Division should have backup personnel trained in all aspects of the investment process and systems.

##### **Management's Plan of Action**

Treasury agrees that additional backup training is needed due to the limited number of professional staff assigned to the office.



## *Finance & Business Services*

### **602-0203-04 Audit of Special Improvement District Administration**

#### **02. 3. Oversight and Coordination Responsibilities Incomplete**

##### **Recommendation**

The Treasurer's Office should establish procedures and perform periodic review of the accuracy and completeness of SID billings.

##### **Management's Plan of Action**

As indicated in the response to Recommendation 2, we will perform the periodic reviews once the Treasury Division has sufficient resources to perform this type of review, we will begin to perform them.

Timetable: Periodic review of the contractor's invoices will be performed when the Treasurer's Office has proper staffing to take on this additional work. We have asked for an additional staff position in the FY 2004 budget request.

#### **04. 1. Policies and Procedures Incomplete**

##### **Recommendation**

The City Treasurer's Office should create formal SID policies and procedures, especially addressing issues not clearly specified in NRS or the assessment and bond ordinances.

##### **Management's Plan of Action**

We concur. We have drafted an outline of the policies and procedures and we are in the process of seeking comments on the structure of the document.

Timetable: We expect to have the policies and procedures complete by September 30, 2003.

#### **04. 2. Policies and Procedures Incomplete**

##### **Recommendation**

The City Treasurer's Office, in conjunction with the City Clerk's Office, should establish guidelines for SID related document retention.

##### **Management's Plan of Action**

We concur.

Timetable: We expect to have a retention policy, coordinated with the City Clerk's office by September 30, 2003.

## *Finance & Business Services*

### **602-0203-04 Audit of Special Improvement District Administration**

#### **06. 1. Fee Waivers**

**Incomplete**

##### **Recommendation**

The City Treasurer's Office should develop written SID policies and procedures addressing fee waivers. The policies and procedures should address SID fee waiver authority, supporting waiver documentation requirements, and handling of waivers with related parties.

##### **Management's Plan of Action**

We concur.

Timetable: We expect to have the policies and procedures complete by September 30, 2003.

#### **07. 1. Foreclosure Sales**

**Incomplete**

##### **Recommendation**

The City Treasurer's Office should seek legal opinion on the City's application of NRS for foreclosure sales and then establish formal policies and procedures for foreclosure sales.

##### **Management's Plan of Action**

The written policies and procedures will encompass the foreclosure sale process. We do not believe that a formal legal opinion is needed on our application of NRS, but we will have our outside counsel review the policies and procedures for compliance.

Timetable: We expect to have the policies and procedures complete by September 30, 2003.

#### **08. 1. Certificate Redemption**

**Incomplete**

##### **Recommendation**

The City Treasurer's Office should seek a legal opinion with regard to redemptions beyond the redemption period to ensure the City is in compliance with NRS. Policy and procedures on this issue should be established.

##### **Management's Plan of Action**

The NRS does not prohibit redemptions after the stipulated period. Further, management strongly believes that it is in everyone's best interest to allow for redemption after the stipulated period for a variety of reasons, most significantly having to do with the certificate holder's lack of proper notice to the homeowner. This issue will be covered in our written policies and procedures.

Timetable: We expect to have the policies and procedures complete by September 30, 2003.

## *Finance & Business Services*

### **602-0203-04 Audit of Special Improvement District Administration**

#### **09. 2. Account Reconciliations**

**Incomplete**

##### **Recommendation**

The City Treasurer's Office should complete the reconciliation between SID deposits per the bank, the billing contractor, and the general ledger on a monthly basis.

##### **Management's Plan of Action**

We concur. However, until we have adequate staffing to perform this work, we will be unable to keep these reconciliations current.

Timetable: We have asked for an additional staff position in the FY 2004 budget request.

### **2200-0203-06 SPECIAL REPORT: Unannounced Petty Cash Counts**

#### **01. 1. Unannounced Petty Cash Counts**

**Incomplete**

##### **Recommendation**

The City Treasurer's Office should create formalized policies and procedures for petty cash funds to bring standardization to the administration and handling of city petty cash funds and to improve the controls surrounding these funds. These policies and procedures should address fund custodian responsibilities, authorized fund expenditures, documentation standards, fund reconciliation requirements, management/supervisor approval requirements, replenishment guidelines, and physical security requirements. The petty cash fund deficiencies noted in this report should be addressed in creating the policies and procedures.

##### **Management's Plan of Action**

Concur with the Auditor's recommendation. The Treasurer's office will expand the existing Operations Manual petty cash policies and procedures to address the deficiencies noted in the report.

Timetable: A draft copy of the expanded petty cash policies and procedures will be complete and submitted for Management's review by August 1, 2003.

#### **01. 2. Unannounced Petty Cash Counts**

**Incomplete**

##### **Recommendation**

The City Treasurer's Office should educate city employees on the new policies and procedures.

##### **Management's Plan of Action**

Concur with the Auditor's recommendation. The new petty cash policies and procedures identified in Recommendation 1 will be introduced to employees within one month of management's final approval. Also within one month of final approval, educational classes will be conducted for directors and the custodians of petty cash funds. In addition, any new directors or custodians will receive petty cash training from the Treasurer's office.

Timetable: Within 30 days after City Manager approval.

## *Finance & Business Services*

### **2200-0203-06 SPECIAL REPORT: Unannounced Petty Cash Counts**

#### **01. 3. Unannounced Petty Cash Counts**

**Incomplete**

##### **Recommendation**

The City Treasurer's Office should establish procedures to ensure the accuracy of their records of outstanding petty cash funds. The records should include at a minimum the petty cash fund locations, amounts, and custodians. Measures should also be taken to identify unknown petty cash funds that may exist.

##### **Management's Plan of Action**

Concur with the Auditor's recommendation. Steps will be taken to ensure that more accurate records are maintained. The policies and procedures mentioned in Recommendation 1 will address records maintenance and reconciliation.

Timetable: A draft copy of the expanded petty cash policies and procedures will be complete and submitted for Management's review by August 1, 2003.

#### **01. 4. Unannounced Petty Cash Counts**

**Incomplete**

##### **Recommendation**

Considering the availability of the new city P-Card program (city authorized credit cards) for department expenditures, the City Treasurer's Office should take measures to identify unnecessary petty cash funds and further minimize the number of petty cash funds.

##### **Management's Plan of Action**

Concur with the Auditor's recommendation. The new policies and procedures addressed in response to Recommendation 1 will include guidelines on the appropriateness of petty cash verses P-Card transactions. Furthermore, the procedure will direct the Treasury Office to periodically review petty cash transactions for their application to the P-Card methodology, and to direct departments and their custodians accordingly. P-card policy and procedures will also be reviewed to ensure that petty cash policies and procedures are in compliance.

Timetable: The timetable should coincide with Recommendation 1.1.

## *Finance & Business Services*

### **2200-0203-06 SPECIAL REPORT: Unannounced Petty Cash Counts**

#### **01. 5. Unannounced Petty Cash Counts**

**Incomplete**

##### **Recommendation**

The City Treasurer's Office should routinely perform unannounced petty cash fund counts and reconciliations and evaluations of the physical security of the funds throughout the City. In addition, the Treasurer's Office should adopt procedures to ensure department directors or their designees are performing and documenting unannounced inspections of their petty cash funds.

##### **Management's Plan of Action**

Concur with the Auditor's recommendation. The policies and procedures that are referenced in Recommendation 1 will require that the Treasury Office perform periodic evaluations and audits of all petty cash funds, as well as require department management perform and document unannounced inspections of the petty cash funds in their custody, forwarding the results to the Treasury Office.

Timetable: The timetable should coincide with Recommendation 1.1.

### **2300-0304-03 Investigative Report: Petty Cash Theft - Planning and Development Department**

#### **01. 1. Internal Control Environment**

**Incomplete**

##### **Recommendation**

The internal control environment surrounding petty cash funds is deficient (as discussed in Report No. CAO 2200-0203-06).

##### **Auditor Comments:**

**Will be closed when all the recommendations in Report No. CAO 2200-0203-06 are addressed.**

## *Finance & Business Services*

### **2300-0304-03 Investigative Report: Petty Cash Theft - Planning and Development Department**

#### **03. 1. Review for Reasonableness**

**Incomplete**

#### **Recommendation**

The City Treasurer's review for reasonableness of the Request for Imprest Funds forms and accompanying receipts was inadequate to identify the falsified receipts.

#### **Management Comments:**

**New controls for reviewing and reimbursing petty cash funds are outlined in our Petty Cash/Change Funds Procedures (currently under review with the TLV Executive Committee.)**

### **2001-0405-03 Audit of Controls Over City Utility Payments and Costs**

#### **03. 1. Allocation of Utility Costs**

**Not Due**

#### **Recommendation**

In conjunction with the development of a utility usage monitoring program, the Department of Finance should develop and implement a more extensive utility cost allocation program.

#### **Management's Plan of Action**

The issues brought forth in the audit will need to be addressed through organizational change. To that end, the City Manager's Office has created a Utility Management Task Force to address the issues. The Task Force will include, at a minimum, representatives from Finance and Business Services, Field Operations, Public Works, and Information Technologies. The Task Force will facilitate the development of a coordinated process for obtaining, managing and processing payments for utility services, specifically power, water, gas, cable, and solid waste.

The process will include identification and analysis of existing processes and lines of responsibility. It will identify the functional needs of utility stakeholders and create both an organizational as well as a technical solution to manage the program. This Task Force will address the recommendations brought forward in Findings 1 through 6.

We estimate addressing organizational needs in six months, and technological needs in 15 to 18 months. We appreciate the efforts of the auditors in their review of this process and look forward to their continued input as we respond to their findings.

## *Finance & Business Services*

### **2001-0405-03 Audit of Controls Over City Utility Payments and Costs**

#### **05. 2. Terminated Utility Accounts**

**Not Due**

##### **Recommendation**

The Department of Finance should document and implement procedures for Accounts Payable staff to follow to ensure that the city is no longer being billed for terminated utility accounts.

##### **Management's Plan of Action**

The issues brought forth in the audit will need to be addressed through organizational change. To that end, the City Manager's Office has created a Utility Management Task Force to address the issues. The Task Force will include, at a minimum, representatives from Finance and Business Services, Field Operations, Public Works, and Information Technologies. The Task Force will facilitate the development of a coordinated process for obtaining, managing and processing payments for utility services, specifically power, water, gas, cable, and solid waste.

The process will include identification and analysis of existing processes and lines of responsibility. It will identify the functional needs of utility stakeholders and create both an organizational as well as a technical solution to manage the program. This Task Force will address the recommendations brought forward in Findings 1 through 6.

We estimate addressing organizational needs in six months, and technological needs in 15 to 18 months. We appreciate the efforts of the auditors in their review of this process and look forward to their continued input as we respond to their findings.

#### **06. 1. Utility Billings**

**Not Due**

##### **Recommendation**

The Department of Finance should explore obtaining electronic billing files from the gas and trash service providers or alternative methods to reduce manual data input.

##### **Management's Plan of Action**

The issues brought forth in the audit will need to be addressed through organizational change. To that end, the City Manager's Office has created a Utility Management Task Force to address the issues. The Task Force will include, at a minimum, representatives from Finance and Business Services, Field Operations, Public Works, and Information Technologies. The Task Force will facilitate the development of a coordinated process for obtaining, managing and processing payments for utility services, specifically power, water, gas, cable, and solid waste.

The process will include identification and analysis of existing processes and lines of responsibility. It will identify the functional needs of utility stakeholders and create both an organizational as well as

## *Finance & Business Services*

### **2001-0405-03 Audit of Controls Over City Utility Payments and Costs**

**06. 1. Utility Billings Not Due**

a technical solution to manage the program. This Task Force will address the recommendations brought forward in Findings 1 through 6.

We estimate addressing organizational needs in six months, and technological needs in 15 to 18 months. We appreciate the efforts of the auditors in their review of this process and look forward to their continued input as we respond to their findings.

### **2500-0405-07 Special Report: Vendor/Employee File Review**

**01. 1. Consistent Data Input Not Due**

#### **Recommendation**

Finance and Business Services (Purchasing and Contracts, Accounting, Business Services), Human Resources, and Information Technologies should consider updating and standardizing guidelines for entering data into city systems to make analysis easier.

#### **Management's Plan of Action**

Finance and Business Services (Purchasing and Contracts and Accounting Operations), Human Resources and Information Technology will meet to review data input standardization guidelines and, where possible, develop and implement improvements that would improve capability for analysis of employee and vendor data.

**02. 1. Employee Contractors Not Due**

#### **Recommendation**

Purchasing and Contracts should establish and document a procedure to refer employee contractors to Human Resources so an evaluation of potential conflicts of interest, and compliance with appropriate policies can be addressed.

#### **Management's Plan of Action**

Purchasing and Contracts will modify the supplier profile form to specifically request a supplier to disclose if a principal in the firm is an employee of the City of Las Vegas and establish a field in the database to capture this information. Purchasing and Contracts will establish a practice of submitting the Supplier Profile form to Human Resources as notification of such outside employment.

Human Resources will partner with Finance and Business Services' Purchasing and Contracts Division to address the findings concerning the audit recommendations regarding this issue.



## *Finance & Business Services*

**2500-0405-07 Special Report: Vendor/Employee File Review**

**02. 2. Employee Contractors**

**Not Due**

### **Recommendation**

Human Resources should evaluate and improve the process to make employees aware that they must notify Human Resources if they are involved as an employee contractor.

### **Management's Plan of Action**

Purchasing and Contracts will modify the supplier profile form to specifically request a supplier to disclose if a principal in the firm is an employee of the City of Las Vegas and establish a field in the database to capture this information. Purchasing and Contracts will establish a practice of submitting the Supplier Profile form to Human Resources as notification of such outside employment.

Human Resources will partner with Finance and Business Services' Purchasing and Contracts Division to address the findings concerning the audit recommendations regarding this issue.

## *Human Resources*

### **501-0001-06 Audit of Safety/Loss Control**

#### **02. 1. Vehicle Accidents**

**Incomplete**

##### **Recommendation**

The City should establish long-term and short-term goals to reduce vehicle accidents.

##### **Management's Plan of Action**

Insurance Services agrees with each of the audit report recommendations (1,2, & 3). While the average cost per vehicle accident is relatively low, any vehicle accident places the City at risk for suit under the tort claims statutes, and carries the risk of serious injury or loss of life of either a valued employee or an equally valued citizen. Accidents involving only City vehicles, with no bodily injury, still may result in increased maintenance and repair costs.

A vehicle safety initiative launched in 1998, called "The Road to Safety", was moderately successful. It involved an incentive program based on a number of factors such as hours driven, completion of defensive driving classes, and motor vehicle maintenance. The program resulted in a 40% reduction in the number of vehicle accidents deemed to be the fault of our employees. However, it required the participation and support of all departmental managers, and while some embraced the program, others were not prepared to dedicate the time needed for individual employee record-keeping. It was not continued.

Employees who are allowed by their supervisors to operate a City vehicle without attending initial or refresher driver training programs do so in direct violation of company policy. Insurance Services provides a monthly report to every department on the status of their driving employees. The departments are instructed to schedule their employees for such training, and they are reminded that employees who are not in current status must not be allowed to operate a City vehicle. a City vehicle backs up.

As indicated elsewhere in the audit report, in the case of preventable accidents, discipline is unevenly enforced. Employees involved in preventable accidents often see no negative consequences. In addition, the audit reported that an observation of 56 City vehicles showed 37 were operated by City employees without seatbelts. We find this totally unacceptable, and again, in direct violation of City policy. An employee using a City vehicle without a seatbelt should be immediately subject to discipline. However, that appears not to be the case.

Unfortunately, Insurance Services cannot mandate accountability or participation from any department or division. Therefore, we whole-heartedly support the establishment of short and long term vehicle accident and injury reduction goals, and believe that operational management must be held accountable for implementation of policies designed to achieve those goals, including those policies already established, but under-enforced. Aggressive educational goals and disciplinary guidelines will be included in the proposed comprehensive safety initiative previously discussed in this memo.

In the interim, Insurance Services will assist individual divisions to establish and implement effective action plans to reduce vehicle accidents. Meetings will be secheduled with each division, currently using fleet vehicles, to review their vehicle accidient records and establish vehicle accident reduction plans. This activity will be accomplished by June 30, 2000. However, it should be noted that without management support, we will only be able to recommend activities, not enforce them.

## *Human Resources*

### **501-0001-06 Audit of Safety/Loss Control**

#### **03. 1. Self-Insurance Funds**

**Extended**

##### **Recommendation**

The City should require actuarial studies be done for its self-insurance funds at least on a bi-annual basis.

##### **Management's Plan of Action**

Insurance Services contacted Mark Vincent, Director of Finance, to discuss the current actuarial studies done on reserves, and request his opinion on the scope and timing of actuarial studies specific to the self-insured trust funds. We have received his response recommending such a study, and have begun investigating possible vendors. Depending on the length of time required to obtain a vendor and complete the contracting process, the study could be underway by June, 2001.

### **2300-0304-01 Special Report: Neighborhood Services Review of Selected Issues**

#### **03. c. Last Chance Agreement**

**Incomplete**

##### **Recommendation**

Human Resources should implement a policy and procedure to address Last Chance Agreements.

##### **Management Comments:**

A Policy and Procedure for Last Chance Agreements was developed and submitted to Administrative Services. In April 2005 the policy and procedure were reviewed and revised by City Attorney's Office and HR Administration. In May 2005 these documents were submitted to Team Las Vegas Executive Management Team for review. And finally, the documents were submitted to the City bargaining units for review and comment on June 1, 2005. Three of the Unions have submitted either recommended changes or expressed some disagreement with the policy and procedure. HR is discussing these issues with the three units, LVPOA, IAFF and LVCEA and attempting to resolve the outstanding concerns prior to publication of the policy and procedure. If these issues cannot be resolved, HR will be recommending publication without the agreement of the bargaining units.

## *Human Resources*

### **2500-0405-07 Special Report: Vendor/Employee File Review**

#### **03. 1. Outside Employment Documentation**

**Not Due**

##### **Recommendation**

Human Resources should either change the policy and procedure or change who authorizes the Outside Employment Request.

##### **Management's Plan of Action**

Human Resources staff has already made changes in the Outside Employment form to address the issue of compliance with established procedure. Human Resources will also establish internal practices to ensure that additional recommendations concerning the Outside Employment form are implemented.

#### **03. 2. Outside Employment Documentation**

**Not Due**

##### **Recommendation**

Human Resources should carefully review the Outside Employment documentation and ensure that existing policy and procedures are followed.

##### **Management's Plan of Action**

Human Resources staff has already made changes in the Outside Employment form to address the issue of compliance with established procedure. Human Resources will also establish internal practices to ensure that additional recommendations concerning the Outside Employment form are implemented.

## *Information Technologies*

**2000-01 Citywide Payroll Process**

**E. 02. iii. Access Control**

**Incomplete**

### **Recommendation**

The System Administrator should be notified by pager, email, or other method if a user fails to gain access to the system after a certain number of attempts. In addition, the system administrator should review system access logs daily.

### **Management's Plan of Action**

IT agrees that it is important to detect and take action, when appropriate, on invalid access attempts. Since the system administrators are not on duty 24 by 7, it would not be feasible to notify them of every failed access attempt. If the notification was via email, a failed access attempt that occurred after hours would not be discovered until the next work day. If the attempt is a break-in, the delay would be unacceptable. Pager notification would be very expensive, since the City has a number of different platforms and each has an administrator. The solution would require several system administrators be given pagers and subsequently be paid on call pay 24 by 7. Since most of the failed access attempts are user error or expired passwords, this solution would not be cost effective. As an alternative, IT is trying to get the current Computer Operators job description reclassified to allow them to accomplish some of these functions. The Computer Operators, who are 24 by 7, would be tasked with reviewing logs and doing an initial analysis for any failed access attempts. If it is felt that the attempt requires further actions, the operator will contact the appropriate system administrator. If this reclassification is not approved then IT will look into other solutions.

### **Management Comments:**

**Joe Santilli's response from 1/15/2005 - IT is on schedule for its implementation of the Aprisma product and the purchase and implementation of an IDS system. IT hopes to have both of these products fully implemented by the end of the fiscal year which would be slightly ahead of schedule. As noted below, the IDS implementation has been delayed due to the lengthy procurement cycle and the 11i conversion.**

**5/12/2005 updated response: We got the appliance (Lancope Stealthwatch) a couple of day ago and it is in the training process. What that mean in IDS terminology is that the product is reviewing the current traffic for trending purposes and is learning what is appropriate traffic for the environment. This will take at least two weeks. We also need training in the administartion and use of the product which cannot be scheduled because we have not yet completed the purchase of the product. I would conservatively say the implementation will be completed in about 60 days.**

## *Information Technologies*

**2000-01      Citywide Payroll Process**

**E. 06. v.      Root Access**

**Incomplete**

### **Recommendation**

IT should regularly run security tools to ensure the integrity of the operating system.

### **Management's Plan of Action**

IT will research tools for checking security and implement viable solutions. (Target Completion Date: June, 2000)

### **Management Comments:**

Joe Santilli's response from 1/15/2005 - Root access is provided to those people that require the access to complete daily activities. These activities include backups and restores and system administration. Change control processes are in place to ensure the integrity of the system. The aforementioned IDS product will monitor the infrastructure and IT is continuing to look at tools such as SUDO. The implementation of 11i has delayed the evaluation of the SUDO tool.

Although the initial implementation of 11i is completed, they are still adding other modules which has not decreased Gene's workload at all. I sent him the document on SUDO and he is looking at it as time permits. I can't give you an estimate on this item since Gene is now doing Oracle and Mainframe. Maggie from Development has agreed to start assisting Gene but she also has her other work to do. Only 7 people now have root access.

## *Information Technologies*

### **2101-0102-09 Audit of Information Technology Security**

#### **03. 2. Incident and Intrusion Monitoring, Detection, Handling, Reporting, and Logging**

**Extended**

#### **Recommendation**

IT Management should identify, evaluate, and document:

Key system auditing/logs that should be enabled, monitored, and reviewed for discrepancies on a regular basis;

System auditing tools that could be used to increase monitoring of systems; and

A formal system monitoring program including assignment of responsibility for reviewing system auditing/logs and identification of frequency of review of logs.

#### **Management's Plan of Action**

The audit reports that "No system auditing/monitoring tools are in use". In actuality, the NT/Win2K, UNIX, and Unisys have the equivalent to security, application, and event logs enabled and capturing data. Additionally the various business applications have audit logs and audit trails in use. The auditor may have been referring to reporting tools that help sort and sift through the multitude of logs and help alert staff to serious events. IT has reviewed and weighed the value of several solutions, such as CA/Unicenter, but found the cost to be prohibitive (>\$200K). Recently, a flyer for a new tool, designed to aid in monitoring and reporting NT/Win2K logs was received by IT and is currently under review. As reported in a previous audit, IT intends to train and use the Computer Systems Technicians to augment the Systems Administration Specialists in systems monitoring. Prerequisite to that, however, is sufficient training for the Computer systems technicians, and the allowance of sufficient systems privileges to perform the task. IT will formalize monitoring tasks and procedures, while continuing the technician training, evaluating tools, and weighing access requirements. Monitoring tools will be purchased as budget funds are available.

Timetable: Process formalization – August 2002

Personnel training/access – March 2003

Tools evaluation/purchase – November 2002

## *Information Technologies*

### **2101-0102-09 Audit of Information Technology Security**

#### **03. 2. Incident and Intrusion Monitoring, Detection, Handling, Reporting, and Logging**

**Extended**

##### **Management Comments:**

Joe Santilli sent a response 1/11/2005. IT is purchasing an Intrusion Detection system to enhance the monitoring that is already in place. The requisition is currently in purchasing and the product will be implemented when it is received. The item has been in the purchasing cycle for over 8 weeks due to the Oracle 11i conversion. The project timeline has slipped slightly due to the lengthy procurement cycle but IT still expects to complete the implementation by the end of the fiscal year. IT has in place other auditing tools and logs based on the area of the infrastructure that requires monitoring. IT monitors the network, firewalls, servers and applications. Each of these logs is either reviewed or alerts are sent to appropriate personnel.

### **08. 6. System Access and Authentication**

**Extended**

##### **Recommendation**

IT should restrict the hours of access to the city network, where feasible. For example, hours of usage could be restricted during weekends and between 8 pm and 5 am for the majority of employees. Justification should be required for those requesting extending hours.

##### **Management's Plan of Action**

Access restrictions based on hours worked would be an administrative burden and would hamper anyone from working outside of their predefined work hours. Since City Departments work 24 by 7 and systems and applications must be available 365 days per year, access restrictions would not significantly increase overall security.

Timetable: N/A -- Closed

##### **Management Comments:**

Joe Santilli sent a response 1/11/2005. IT responded in November that it would take 12 to 18 months to convert all applications from NT so group policy can be assigned by Organizational Unit. This item is on schedule and the status has not changed. Until the Active Directory implementation is completed further action cannot be taken.



## *Information Technologies*

### **2101-0102-09 Audit of Information Technology Security**

#### **09. 1. Domain Administrator Rights**

**Extended**

##### **Recommendation**

IT Management should evaluate methods by which a subset of Domain Administrator Rights can be granted to non-system administrator employees with such a need to perform their job.

##### **Management's Plan of Action**

Before access was given to the Computer Systems Technician and the Microcomputer Support Supervisor, IT looked at the security ramifications of this decision. At the time both individuals needed Domain Administrator access to complete some of their work and to meet the needs of the City. It has always been the IT department's policy to provide administrator rights to only the staff that require those rights. Having only 5 people with administrative rights with the number of servers in place and with a total the staff of approximately 100 does not seem to be too many people with this authority. IT will review the current processes and make appropriate changes. The ADMINISTRATOR account is restricted to only three Systems Administration Specialists.

Timetable: Re-evaluation targeted for completion June 30, 2002.

##### **Management Comments:**

**Joe Santilli sent a response 1/11/2005. IT is already using subsets of domain rights to allow operations and support personnel to complete daily activities. Full Domain Administrator access is limited. The AD implementation could allow for further delineation of these rights.**

### **2001-0405-03 Audit of Controls Over City Utility Payments and Costs**

#### **01. 2. Utility Usage Monitoring**

**Not Due**

##### **Recommendation**

In conjunction with the development of the utility usage monitoring program, Information Technologies should evaluate the needs of this program and use this information in establishing utility processing on a new systems platform.

##### **Management's Plan of Action**

Information Technologies Management agrees that a program to monitor usage would establish the bases for identifying support solutions. The functional needs of the program, as well as whom and how many would be using it will help I.T. determine the appropriate system requirement. Early identification of the software requirements, users, and access will aid in the determination of the hardware component requirement as well. Additionally, the assessment of third party monitoring tools in the market could both automate and accelerate the discovery of system solutions and the implementation process.

## *Leisure Services*

### **2200-0405-01 Audit of Cash Handling Controls at Chuck Minker Sports Complex**

#### **01. 02. Cashier Operations – Customer Receipts Incomplete**

##### **Recommendation**

Leisure Services Management should create policies and procedures on customer receipts for inclusion within the departmental cash handling policies and procedures.

##### **Management's Plan of Action**

Leisure Services CLASS Administrator will develop procedures for customer receipts and include in the cash handling policies and procedures.

##### **Auditor Comments:**

**Per Leisure Services Management, this recommendation will be addressed by September 2005.**

#### **01. 08. Cashier Operations - Surveillance Camera Incomplete**

##### **Recommendation**

Leisure Services Management should re-direct the video feed from the front desk camera to a monitor in a location away from the front counter where it can be observed by supervisors.

##### **Management's Plan of Action**

Leisure Services Center Coordinator will make request to Building Services to change video feed to the coordinator's office.

##### **Timetable:**

Request to change the video feed was made the week of October 10, 2004. Building Services staff plans to re-wire and run conduit to support the change in video location.

##### **Management Comments:**

**Finding to be addressed by Field Operations during the front desk remodeling project.**

##### **Auditor Comments:**

**An evaluation of the security surveillance system at the facility was completed by D&E on February 16, 2005 in which they recommended replacement of the current system when it is financially feasible. This recommendation will be addressed during an upcoming remodeling of the front desk area at the facility.**

## *Leisure Services*

### **2200-0405-01 Audit of Cash Handling Controls at Chuck Minker Sports Complex**

#### **03. 01. Food Concession Sales Incomplete**

##### **Recommendation**

Leisure Services in consultation with Finance should create policies and procedures specifically addressing food concession sales at Leisure Services facilities. These policies and procedures should address inventory and cash controls that should be followed.

##### **Management's Plan of Action**

Leisure Services CLASS Administrator will coordinate with Finance to create a policy specifically addressing inventory cash controls for food concession sales at Leisure Services facilities.

##### **Auditor Comments:**

**Per Leisure Services Management, this recommendation will be addressed by September 2005.**

#### **03. 02. Food Concession Sales Incomplete**

##### **Recommendation**

The Center Coordinator should ensure city and departmental cash handling policies are followed with food concession sales.

##### **Management's Plan of Action**

Employees will be directed and trained to follow the department's cash handling policies and procedures when conducting food concession sales.

Timetable:

Pilot program will start December 30, 2004

##### **Auditor Comments:**

**Per Leisure Services Management, this recommendation will be addressed by September 2005.**

## *Leisure Services*

### **2200-0405-02 Audit of Cash Handling Controls at Dula Gymnasium**

**03. 01.                      Cash Collections For Non-City Organizations                      Incomplete**

#### **Recommendation**

Leisure Services should create policies and procedures addressing the collection of funds for non-city organizations by city staff.

#### **Management's Plan of Action**

Leisure Services CLASS Administrator will develop and implement policies and procedures addressing the collection of funds for non-city organizations by city staff.

#### **Auditor Comments:**

**Proceeds from water sold at Dula Gym are now retained by the city. Per Management, policy and procedure additions in this area will be made by September 2005.**

### **2900-0405-04 Internal Control Review Activity Report December 31, 2004**

**02. 2.                      ICR 004 – West Community Center – Cash Handling                      Incomplete**

#### **Recommendation**

The supervisor should query CLASS on a daily basis and cross check the deposits to ensure deposits were made in a timely manner and that proper forms were completed.

#### **Management's Plan of Action**

The Coordinator now closely monitors the centers deposits on a daily basis, and encourages staff to be more diligent in the cash handling processes.

#### **Management Comments:**

**This is a function of Finance as LS gave up a position to serve in this capacity. This staff member's main function is to query CLASS daily to cross check deposits to ensure they're made in a timely manner and forms are accurate and complete.**

## *Municipal Court*

1999-07 Las Vegas Municipal Court

B. 02. ii. Transaction Receipts

Extended

### **Recommendation**

Consecutive receipt numbers should be automatically generated by the System, retained within the System for reference, and printed on the receipts.

### **Management's Plan of Action**

Preliminary discussions with the IT Department regarding changing the current TR to a receipt similar to the SAT used by ASSED have already occurred. The IT Department has requested that no changes be made to the legacy system until Y2K remediation and testing have been completed. Estimated completion of this remediation is December 1999 due to outstanding bugs from Y2K conversion.

B. 02. iii. Transaction Receipts

Extended

### **Recommendation**

The receipts should include evidence of the method of payment, amount paid, and change due.

### **Management's Plan of Action**

This capability is to be included in the City's new cash receipting system now under development. The cash receipting function will be one of the first items to be completed on the new Court computer system. Time and resources are being provided to complete it within the next few months. Until then, the clerks will write this information on the receipts.

**Auditor Comments: System implementation in process.**

B. 03. i. Correspondence With Defendants

Extended

### **Recommendation**

In order to increase the effectiveness of the postcard mailings and avoid future waste in postage costs, management of the Court should work with the Information Technologies Department in making the required programming changes to ensure that the addresses being used for mailing are the most current in the System.

### **Management's Plan of Action**

Management of the Court will work with IT in making these programming changes. We estimate that the required programming changes will be made in June 2001.

**Auditor Comments: System implementation in process.**

## *Municipal Court*

**1999-07 Las Vegas Municipal Court**

**B. 03. ii. Correspondence With Defendants**

**Extended**

### **Recommendation**

Management of the Court should work with the Information Technologies Department in developing the capability within the Court System for recording the history of all correspondence with defendants. The history of all correspondence should be retained and accessible for review on a consolidated basis via a screen or report. Changes to the correspondence history should be restricted. Implementation of this capability within the Court System will improve the efficiency of court personnel working on individual cases and customer service.

### **Management's Plan of Action**

Most, if not all, of the above recommendations will be implemented in the new computer system(s) in working towards a Court-wide paperless environment.

**Auditor Comments: System implementation in process.**

**C. 01. ii. Physical Security of Court**

**Incomplete**

### **Recommendation**

Fireproof safes should be purchased by the Court to further reduce risk of loss of cash stored in safes overnight in case of fire and to comply with standards established by the Administrative Office of the Courts of the State of Nevada.

### **Management's Plan of Action**

With the building of the Regional Justice Center underway, the Court has held off on purchasing fireproof safes due to the required cost. We believe the present safes provide adequate security, but we plan on purchasing fireproof safes for the new facility.

**C. 02. iii. User Passwords For Court System**

**Extended**

### **Recommendation**

System access logs should be created and reviewed periodically by management for unusual access attempts.

### **Management's Plan of Action**

In designing the new Court system, system access logs will be requested and procedures implemented for their review.

**Auditor Comments: System implementation in process.**

## *Municipal Court*

1999-07	Las Vegas Municipal Court	
C. 03. ii.	Court System Record Change Access and Monitoring	Extended

### **Recommendation**

User-friendly audit trail reports should be created and generated daily from the Court System for review of significant and unusual transactions (see further discussion of audit trail reports at section D1).

### **Management's Plan of Action**

Court management is looking into developing improved audit trail reports detailing voids, changes, additions, and adjustments on both revenue and non-revenue terminals. Once such reports are developed, procedures will be implemented for reviewing the reports for significant or unusual transactions.

C. 04. ii.	Limits On Cash In Drawers	Extended
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### **Recommendation**

The Court System should be improved to allow clerks to determine how much cash they have collected.

### **Management's Plan of Action**

Management will look into the possibility of the legacy computer system keeping track of and indicating the amount of cash in each drawer.

**Auditor Comments: System implementation in process.**

D. 01.	Audit Trail Reports and Monitoring	Extended
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### **Recommendation**

While limited measures have been taken by the Court to monitor deletions, voids, corrections and additions, Court management is in need of a consolidated, user-friendly audit trail report which can be used for daily review of these transactions. Once such a report is designed, procedures should be implemented to have personnel of the Court Accounting Unit review the report on a daily basis for significant or unusual transactions.

### **Management's Plan of Action**

Court management is looking into developing improved audit trail reports detailing voids, changes, additions, and adjustments on both revenue and non-revenue terminals. Once such reports are developed, procedures will be implemented for reviewing the reports for significant or unusual transactions. We anticipate developing these improved reports by June 2001.

**Auditor Comments: System implementation in process.**

## *Municipal Court*

**1999-07 Las Vegas Municipal Court**

**D. 02. Bail Register Report Errors**

**Extended**

### **Recommendation**

Court management should further investigate the errors within the Bail Register and procedures should be implemented to identify and monitor these errors in a more timely manner until the programming errors can be corrected. Court management should work with IT in addressing these issues.

### **Management's Plan of Action**

The Court has looked into these differences and has pinpointed the problems. The problems must be corrected through computer programming. We will continue to work with IT to correct them and in the meantime continue to manually research and correct the errors.

**Auditor Comments: System implementation in process.**

**2300-0001-03 Special Report: Municipal Court Mail Unit**

**07. Municipal Court Mail Unit**

**Extended**

### **Recommendation**

The Court should continue to work with Information Technology in improving its system to include at a minimum 1) identification of the nature of payments, 2) printing of the change amount on receipts, and 3) suspension of processing of transactions while a cash drawer is open.

### **Management's Plan of Action**

Court staff looked into an allegation by a customer that he had made a payment by money order that was not credited towards his outstanding case balance. He sent a copy of the canceled money order, verifying that the Court had deposited it. When this type of incident occurs, the Court performs a preliminary check, and if an explanation cannot be determined and it looks suspicious, it is referred to the City's internal auditors to investigate. The audit review made the determination that there was evidence of theft in this incident but culpability could not be unequivocally assigned due to significant internal control weakness. Since the July 1999 incident, the Municipal Court has initiated the following measures to improve cash handling controls:

- A written "Cash Handling Procedures" manual has been distributed to all staff, supervisors and managers who are involved in receiving payments or requesting payment disbursements. When an employee receives a manual, he/she must sign an agreement stating that he/she will follow the procedures as they pertain to his/her cash handling duties. The "Cash Handling Procedures" are based on the "Minimum Accounting Standards" requirements provided by the State Supreme Court and other Federal, State, local and GAAP standards. The procedures



## *Municipal Court*

### **2300-0001-03 Special Report: Municipal Court Mail Unit**

#### **07. Municipal Court Mail Unit**

**Extended**

- will help to resolve weaknesses that are mentioned in the audit by ensuring that staff members are trained, have written guidelines and understand and follow proper procedures.
- There are automated controls needed in the Court's automated case management system that are being requested in a new system package that is being researched.
- The handwritten mail log is being reviewed and tested periodically by the accounting unit. A computerized mail logging system is being developed which will facilitate tracking and retrieving payment information. The computerized log will also provide the ability of reconciling the mailed in payments with the bank deposits and ensure that all payments are accounted for. The mail log is a very important control measure. It must be complete, legible, accurate, and provide a trail to establish proof of payment in lieu of sending a receipt to the customer. The customer may also request that a proof of payment receipt be mailed when the payment has been received.
- Notices are posted emphasizing the right of the customer to receive a receipt when he/she makes a payment. This is an important control measure to ensure that when payments are received, the customer can see that it has been posted correctly to his/her case.
- The use of surveillance cameras has been used for the past few years. This control measure will be further enhanced and monitored more closely.
- The outside auditors performed an unannounced cash count. The Court accounting unit will continue to routinely perform surprise cash counts and audits as a means of reviewing cash handling procedural compliance and detecting any improprieties.
- A log of suspicious activity is being maintained. Managers are provided with a monthly log of overage and shortage and are immediately notified of any large or unusual discrepancies.
- Separation of duties has been accomplished to the extent possible in the space available. When a staff member is absent, substitute clerks must log and enter the receipts in order to keep the process moving. For the most part, one employee logs and another enters the payments into the system.

**Auditor Comments: System implementation in process.**

## *Office of Business Development*

**201-0304-04    Audit of Office of Business Development**

**06. 2.            Marketing Plan**

**Incomplete**

### **Recommendation**

OBD Management should annually summarize the results of its marketing plan for the City Manager's Office and City Council.

### **Management's Plan of Action**

Summarization of the results of the marketing plan shall be concurrent with the annual marketing plan update and presentation to Council.

### **Management Comments:**

**Marketing plan implemented on 3/29/05. Annual results would be reported by 3/29/06. (Scott Adams, 5/13/05)**

**07. 2.            Service Feedback Program**

**Incomplete**

### **Recommendation**

OBD Management should regularly summarize feedback obtained from the service feedback program in a report for review by management.

### **Management's Plan of Action**

Information from the surveys will be summarized and analyzed and presented to City Management in semi-annual reports (State of the City, and Budget Request)

### **Management Comments:**

**Customer Service Surveys are sent on a monthly basis beginning in April 2005. It is recommended that results be tabulated annually. The first report would be in April 2006. (Scott Adams, 5/13/05)**

## *Public Works*

### **2001-0405-03 Audit of Controls Over City Utility Payments and Costs**

<b>07. 1.</b>	<b>Unauthorized Use Of Streetlight Circuits</b>	<b>Not Due</b>
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#### **Recommendation**

Public Works should move forward in making all necessary changes to address the problem of developers and contractors inappropriately accessing the city's power meters and thereby eliminate the cost of unauthorized use of power from the meters and the liability of the city for any misuse of the meters. The department should obtain legal counsel where needed to implement the change.

#### **Management's Plan of Action**

We concur with the findings and recommendations of the auditors and have begun the development of a strategy to deal with unauthorized attachments and/or connections over the next 6 months.